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*Mirvac is a leading creator and curator of extraordinary urban places and experiences. Our mission is to **make life better** for millions of Australians.*



ACKNOWLEDGMENT OF COUNTRY

Mirvac pays respect to all Aboriginal and Torres Strait Islander peoples, Traditional Custodians of the lands and waters of Australia where we live, work and play.

ABOUT THIS REPORT

The FY21 Annual Report is a consolidated summary of Mirvac Group's operations, performance and financial position for the year ended 30 June 2021. In this report, unless otherwise stated, references to 'Mirvac', 'Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to Mirvac Limited and its controlled entities as a whole. Mirvac Limited also includes Mirvac Property Trust and its controlled entities. References in this report to a 'year' relate to the financial year ended 30 June 2021. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. The consolidated financial statements included in this report were authorised for issue by the Directors on 12 August 2021. The Directors have the power to amend and reissue the financial statements. Our full year financial statements can be found at www.mirvac.com

REPORTING SUITE

This reporting suite sets out the Group's financial and operational performance for the year ended 30 June 2021 across the following documents:

MGR FY21 RESULTS PRESENTATION

An overview of Mirvac's financial, operational and sustainability performance for the financial year.

MGR FY21 ADDITIONAL INFORMATION

Information supporting Mirvac's FY21 Results Presentation.

MGR FY21 ANNUAL REPORT

An in-depth overview of Mirvac's financial, operational and sustainability performance for the 2021 financial year, along with the Group's Directors' Report, its Remuneration Report and its detailed financial statements.

MGR FY21 PROPERTY COMPENDIUM

A detailed summary of the Group's investment portfolio, other investments, and its commercial and residential development pipeline as at 30 June 2021.

MPT FY21 ANNUAL REPORT

An overview of Mirvac Property Trust for the financial year.

BUILDING CLIMATE RESILIENCE

An overview of Mirvac's approach to managing its climate-related risks and opportunities, which aligns with the recommendations set out by the Task Force on Climate-related Financial Disclosures.

About Mirvac

Founded in 1972, Mirvac is an ASX top 50 property group with an internationally recognised, award-winning innovation capability. We are proud to play an important role in shaping cities, as a creator and curator of places and experiences that are designed to enrich the lives of millions of Australians.

ASSET CREATOR & CURATOR

We own and manage assets across the office, industrial, retail and build to rent sectors in our investment portfolio, and we have over \$25bn of assets under management. We create award-winning urban precincts that set new benchmarks in sustainability and design excellence. Our integrated approach gives us a competitive advantage across the lifecycle of a project. From site acquisition, urban planning and design, through to development and construction, leasing, sales and marketing, property management and long-term ownership, we exercise control over the entire value chain. Our integrated model also ensures stable income and growth, as well as a balance of passive and active capital, enabling us to respond to fluctuations in the property cycle.

Our people are our greatest asset and they underpin our ability to deliver safe, economic and sustainable outcomes that generate value for our customers, communities, securityholders and our planet.

OUR PURPOSE

At Mirvac, we are united behind a single purpose, to *Reimagine Urban Life*. Our purpose inspires us to do the right thing and be a force for good. This means we are committed to making a positive contribution to the environment and making a meaningful difference to people's lives, with everything we do. As one of Australia's largest companies, we believe we have a responsibility to help create a better future for everyone. That's why we aspire to think differently and apply our skills, experience, and innovation capability to solve many of the problems faced by our cities, both today and in the future.

Pictured: 275 Kent Street, Sydney



Reimagine urban life

OUR PURPOSE INSPIRES US
TO DO THE RIGHT THING AND
BE A FORCE FOR GOOD.

ASX TOP 50 PROPERTY GROUP

Internationally
recognised and award-winning
innovation capability



FY21 highlights

A strong set of financial metrics for FY21 shows Mirvac's ability to navigate turbulent times.

Operating EBIT

\$704m

(12%) on pcp

Operating profit

\$550m

(9%) on pcp

Statutory profit

\$901m

+61% on pcp

Operating earnings
per stapled security

14.0c

(9%) on pcp

Distributions per
stapled security

9.9c

+9% on pcp

NTA¹

\$2.67

+5% on pcp

Operating cash flow

\$635m

+41% on pcp

Gearing²

22.8%

3 year rolling Group ROIC

7.5%

MIRVAC IS REBOUNDED WELL FROM
THE CHALLENGES OF THE PANDEMIC,
AND IS POISED FOR

future growth

1. NTA per stapled security excludes intangibles, right of use assets and non-controlling interests, based on ordinary securities including EIS securities.

2. Net debt (at FX hedged rate) excluding leases / (total tangible assets – cash).

Achieved a ★★★★★★

5.2 star

average NABERS Energy rating across the office portfolio

Reduced our carbon footprint by

80%

with the majority of our office and retail assets now supplied by renewable electricity

Leased

~144,000sqm

of office, industrial and retail space

Residential gross development margin

26%

+200bps on pcip

Secured

\$1.2bn

of residential pre-sales

Letters to securityholders



Dr. John Mulcahy
Chairman

Susan Lloyd-Hurwitz
CEO & Managing Director

CHAIRMAN'S LETTER

The impact of the pandemic continues to play out, with devastating effects, across the world. In Australia there were signs of economic and employment recovery in most states from August 2020. We have light at the end of the tunnel, in the form of a vaccination program. But we have a long road ahead, as well as the challenges of adapting to a changed landscape of a post-pandemic world when we get there.

I wanted to begin this letter by calling out the remarkable strength, resilience, and dedication of those people within the Mirvac family, as well as those in the community more broadly, who have been, and continue to be, affected by the pandemic and government restrictions. Whether it be extended lockdown periods, quarantine, separation from family members and loved ones, or physical distancing, the pandemic has had varied and far-reaching impacts, particularly on our mental health. Watching our people, teams, and communities come together to help and support each other fills me with optimism.

FINANCIAL PERFORMANCE

As our operating environments shifted throughout the year, our teams responded with enthusiasm and agility. We adapted to changing restrictions, we focused on our strategy and getting the job done, and we cared for each other, our customers and communities. As restrictions began to ease in most places during the year, our visibility improved, and as we communicated in our 3Q21 update, we upgraded both earnings and distributions guidance and we repaid JobKeeper payments received in FY21.

Our FY21 financial results are testament to the Group's response to the pandemic. We have not only met our targets but also significantly advanced our urban strategy during the year, despite the economic uncertainty. Importantly, we delivered on our promises.

In FY21, statutory profit for the Group was \$901m, up 61 per cent on the previous year, strong evidence of the Group's recovery from the initial shock of the pandemic outbreak in March 2020. Operating profit for the financial year was \$550m representing 14.0 cents per stapled security, ahead of guidance that we would deliver at least 13.7 cents per stapled

security, and our total distributions increased 9 per cent from last year, to \$390m, equating to 9.9 cents per stapled security.

Prudent capital management continued to be a key focus. As at 30 June, weighted average debt maturity was 6.6 years with no debt falling due until FY23. The Group's average cost of debt decreased to 3.43 per cent and we maintained liquidity at \$867m. Our strong balance sheet and sufficient financial headroom enabled the Group to manage volatility throughout the year and capitalise on improving market conditions.

GENERATING VALUE THROUGH ASSET CREATION

Since we launched our urban strategy in 2013, our total development pipeline has grown to \$28bn¹. This urban strategy is fuelled by our asset creation capability. By bringing to life high quality assets, we continue to make a positive contribution to our urban landscape and support the changing needs of our population. Tomorrow's Australians need more homes. They need fit-for-purpose, technology enabled workplaces and lifestyle destinations close to transport and green open spaces.

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

The delivery of new communities and precincts will improve the liveability and sustainability of our cities. It will also support the growth of our business and the returns to our securityholders, through recurring income, development profit, NTA uplift and investment management fees. At 30 June, our assets under management were \$25bn, including \$9.9bn of assets under management on behalf of our capital partners. Our \$28bn¹ total development pipeline means we are well positioned to continue to generate value, both social and financial, into the future.

BOARD AND ELT RENEWAL

In line with our Board renewal process, we welcomed a new Board member, Robert Sindel, in September 2020 and we farewelled Peter Hawkins, who made a significant contribution to Mirvac and I want to thank him for his dedication and commitment over the years. I also want to extend a warm welcome to Robert, who brings a wealth of experience from over 30 years in CEO and executive management positions.

I am confident our Board composition provides us with the right mix of talent and skills with which to implement business objectives and guide Group strategy. It also enables us to maintain our 50:50 gender diversity target.

FY21 also saw the departure of Susan MacDonald our Head of Retail, Shane Gannon our Chief Financial Officer, and Bay Warburton our Head of Stakeholder Relations. Susan, Shane and Bay were instrumental in transforming Mirvac into the urban powerhouse it is today. We are immensely grateful for their contributions and we wish them all the best in their future endeavours.

Courtenay Smith joined us as Mirvac's CFO in March. Prior to joining Mirvac, Courtenay was Chief Financial Officer, Property Australia and Managing Director of Asset Management at Lendlease, where she worked for 23 years, holding a number of senior positions in Australia, Asia, the UK and the US.

With these changes in place, and with new arrivals of such exceptional calibre, I'm confident our Board and ELT both have the right balance of skills and diversity to govern and lead Mirvac on the next stage of its exciting trajectory.

FORCE FOR GOOD

The pandemic has shone a light on inequalities across the world. More than ever the Board and I feel we have a responsibility to be a force for good within the communities in which we operate. Launched in 2015, the first iteration of our Diversity and Inclusion Strategy focused on addressing gender equality.

As a result of our efforts we have been named an employer of choice by the Workplace Gender Equality Agency (WGEA) for the last seven years and have been named by Equileap as the number one company for gender equity in Asia Pacific and number two in the world for the second year in a row. But this is just the beginning. Our focus is now shifting towards finding ways that everyone can belong at Mirvac. We believe the way to attract, engage and retain talent involves building a culture that encourages employees to bring their whole selves to work. We know that when our workforce is fully engaged our business performs better. But engagement requires people to trust that they are welcome, whatever their beliefs and differences. We are looking forward to launching the next iteration of our Diversity and Inclusion Strategy that addresses some of these challenges.

REMUNERATION

The Board reviewed the remuneration framework and incentive design to ensure it remained 'fit for purpose' given the challenges of navigating the pandemic. There were some modifications to the incentives, mainly to suspend the ROIC component for the long-term incentive award made in FY21, with 100 per cent of the award to be based on Relative TSR.

The Board strongly believes that remuneration outcomes should be aligned to business performance, investor outcomes and stakeholder expectations, and the FY21 remuneration outcomes reflect this. Pleasingly, the strong financial and non-financial performance for FY21 has translated into 76 per cent vesting of the long-term incentives and above target short-term incentive outcomes. The actual earnings for our CEO & Managing Director and other key management personnel have increased from FY20, which reflects the significant impact the pandemic had on the Group's financial performance in FY20 and the corresponding impact on remuneration outcomes which for last year resulted in no bonus pool and the voluntary 20 per cent reduction in fixed remuneration for three months.

The full Remuneration Report for FY21 can be viewed from page 56.

OUTLOOK

While the world has suffered the devastating effects of the pandemic, it has also presented opportunities and provided valuable lessons about the way we want to live in the future. Australia's response to the pandemic has safeguarded the economy and minimised health impacts relatively well compared to the rest of the world.

But with extended lockdowns and restrictions still in place, it is clear there is still much work to be done.

That said, I'm optimistic that we can turn the tide, once vaccination coverage improves and Australia starts actively embracing the realities of a post-pandemic world.

It's a world where trust in institutions continues to decline to all time lows and our society increasingly prioritises the rights of individuals. I firmly believe purpose-driven institutions like Mirvac have the potential to drive change in a way that is impossible for individuals, and therein lies our responsibility and our opportunity.

At Mirvac, we have a proud history of setting industry standards and for us that means embracing change. Our innovation capability has taught us that where there is disruption, there are also opportunities to reimagine, reinvent and remake. In a post-COVID-19 world, as our growing population demands more housing options, workplace flexibility, sustainability, digitisation and personalised experiences, our cities must respond. Mirvac is proud to be at the frontline of this response and to continue to deliver sustainable communities and mixed use precincts for the future.

Next year is Mirvac's 50th anniversary. Society today is almost unrecognisable from the way we lived in 1972. Yet our business is in the strongest position we have ever been. I believe that is because, like our cities and urban landscapes, we have continually evolved. We have listened to our customers and we have delivered on their needs. The rapid pace of change today means it has never been more challenging, but there are more opportunities than ever before for those willing to embrace them.

I want to thank the Board for its continued passion for Mirvac and support for our purpose. I want to thank Susan Lloyd-Hurwitz and the ELT for their inspired leadership; and to all our Mirvac people for their hard work and commitment to getting the job done in the right way. Finally, to our securityholders. Thank you for your trust and belief in our ability to deliver on our promises. We look forward to continuing to enthusiastically embrace change in order to generate value for all our stakeholders, for the long term.



DR. JOHN MULCAHY
Chairman

1. Represents 100 per cent expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

Letters to securityholders *continued*

CEO & MANAGING DIRECTOR'S LETTER

Mirvac showed strength and resilience in the face of the pandemic in FY21.

This resilience is evident in our strong set of FY21 financial results. But there are other important measures of our performance I want to highlight; consistently high employee engagement levels, significant traction across our development pipeline, and sustained progress towards our sustainability targets – all amid a global pandemic.

SAFETY

Safety has long been our number one priority at Mirvac. This includes health and wellbeing as well as physical safety. COVID-19, and the related government restrictions, have presented a significant health threat to our people, customers and communities. As our people consistently did the right thing by Mirvac, including adapting enthusiastically to change and getting the job done, the Board and ELT doubled down on doing the right thing by our people. We prioritised safety and provided support for the health and wellbeing of our employees. As a result, we have been able to continue to meet our targets and generate securityholder returns, while at the same time as continuing to be a force for good.

URBAN STRATEGY

Mirvac is one of Australia's leading urban asset creators and curators driven by our purpose to *Reimagine Urban Life*. Through our urban strategy and disciplined approach to capital allocation, we curate urban places and precincts for the long term, generating recurring income and growing distribution. Our asset creation capability is supported by our integrated model which gives us the capacity to take on complex urban projects that improve the lives of people that live and work in our cities.

Our proven urban strategy relies heavily on the economic and social importance of our cities. As the pandemic began to turbo-charge many of the forces shaping our cities in FY21 (work-from-anywhere, digital social and cultural events, and mass online shopping to name but a few), the ongoing value of cities was called into question.

In June, we published a paper called [Australian Cities: A runway for out-performance](#) which analysed hundreds of studies and data sets of the forces that shape our cities. It makes a convincing case as to why cities, the economic engines of Australia, will endure. But at the same time, they will, and must, change. As obsolescence accelerates, there will be places that will be fit for purpose in this next iteration of our cities and those that will not.

What this reimagination of our cities looks like will emerge over time. We certainly don't have all the answers, but we are excited about the ways we can implement our asset creation and place curation capabilities to help shape a better future for our cities and those who live in them.

CUSTOMER FIRST

While we remain focused on implementing our urban strategy, we are constantly looking at ways to reimagine our products and services to better meet the needs of our customers. During FY21, we took a number of important steps to ensure our business remains well placed to respond, and can continue to generate value for our securityholders.

These included the creation of a new Integrated Investment Portfolio (IIP) division, consolidating the award-winning capabilities of our Office, Industrial, Retail and Build to Rent teams, led by Campbell Hanan. We also created a dedicated Commercial & Mixed Use team under the leadership of Simon Healy, as General Manager, Commercial and Mixed Use, within the portfolio of Brett Draffen as Chief Investment Officer.

These structural changes will enable us to enhance our already considerable mixed use development capability and continue to cater to the changing lifestyles of our customers and communities, while unlocking synergies and efficiencies across our operations.

STRONG MOMENTUM

Our Residential business went from strength to strength throughout the year. Sales for the year reached 3,375, up 83 per cent on the prior corresponding period. We also settled 2,526 lots, comfortably exceeding our guidance of 2,200 lot settlements for the year. Enquiries continue to be strong, up 29 per cent on the previous quarter, pointing to continued momentum in both the masterplanned community sector and apartment market for high quality apartments targeted at owner occupiers.

Prior to the recent lockdowns there were positive signs and growing momentum in Australia's office markets with physical occupancy slowly but surely climbing. Our modern, low cap-ex portfolio has a market-leading WALE of 6.3 years¹, and cash collection rates have been increasing, up to 99 per cent from 97 per cent at the first half.



FY21 Residential sales

3,375

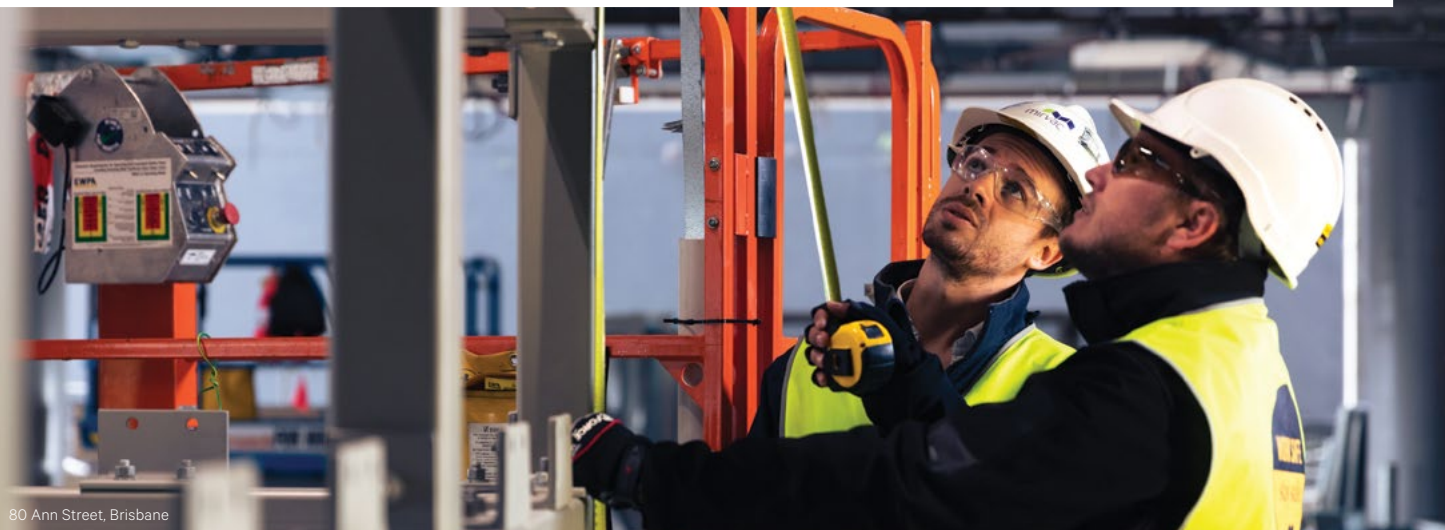
up 83% on pcpc

Lot settlements

2,526

exceeding our guidance
of 2,200 lot settlements
for the year

1. By income.



80 Ann Street, Brisbane

Our high quality industrial portfolio continues to enjoy strong demand. Our WALE of 7.4 years¹, 100 per cent occupancy and cash collection of 100 per cent are all strong indicators of performance. Our next wave of developments at Auburn, Badgerys Creek and Kemps Creek, all in Sydney are progressing well and have benefitted from the NSW Government's fast tracked re-zoning program.

Our first build to rent asset, LIV Indigo, is now 80 per cent leased and renting at a premium, demonstrating that its value proposition is truly resonating with our customers. We are learning every day about build to rent operations and how to curate a vibrant community. The \$1.4bn² development pipeline is progressing well on all fronts. LIV Munro in Melbourne is due for completion in CY22, and we have received planning approval at LIV Anura in Newstead, Brisbane, including 25 per cent affordable apartments for local key workers.

Although the retail environment is still challenging, prior to the current lockdowns we were seeing steady improvement quarter by quarter in sales and foot traffic. Net cash collections continue to improve, now at 94 per cent for the full year. Before the pandemic, we were already observing the evolution of urban retail, away from physical sales, to a more holistic understanding about the role of retail in urban activation. This trend has been accelerated by the impacts of COVID-19, and is driving our urban retail strategy including new partnership models, more agile fit outs, and new customer experiences.



\$28bn²
total development pipeline

We also made steady progress on the delivery of our \$28bn² total development pipeline during FY21. Highlights include the topping out of our newest tower at Yarra's Edge, Voyager, despite extended lockdowns in Victoria. The Locomotive Workshop at South Eveleigh, Sydney is now substantially complete, and 80 Ann Street in Brisbane remains on track for practical completion in FY22.

SUSTAINABILITY

Sustainability is at the heart of Mirvac. It is championed from the top down, as illustrated by our Board receiving the Leadership of the Year award at the 2020 Climate Alliance Leadership Awards. During FY21, we made strong progress on our *This Changes Everything* targets. Among many examples of this is an innovative partnership with the UNSW Centre of Sustainable Materials Research and Technology to transform waste into construction materials, which you can read more about on page 28. We are tracking well ahead of our goal to be net positive carbon by 2030, making significant progress in FY21 through the purchase of renewable electricity at our assets, which is detailed on page 40.

However, creating a sustainable future for our cities isn't just about renewable energy. We are also focused on social sustainability which was particularly highlighted during COVID-19 when loneliness, social isolation and mental health came into sharp focus. We are exploring ways that our residential developments can enhance human health and wellbeing. Our Portman Collection at Green Square, Sydney is set to be the first project in Australia to seek a WELLv2 certification, actively contributing to the health of its residents.

For all of these achievements and so many more that took place throughout the year, I want to pay tribute to our people right across the business. To the Board and our senior leaders, who continued to drive our strategic objectives and who, in the absence of a playbook, were guided by our values to make critical decisions. To our teams who have wholeheartedly embraced a new normal, seeing challenges as opportunities to innovate, and set up systems and processes to enable us to operate more effectively in a post-pandemic world. To our securityholders for your continued support and belief in Mirvac. We have a sound business model with the right balance of stability and dynamism to remain resilient yet adapt to change. While FY21 has been characterised by extended lockdowns and restrictions, vaccine supply is improving and coverage is increasing. I'm confident this, along with rapid antigen tests and other advancements, will enable us to open up again, providing a clear pathway towards recovery in FY22.

Susan Lloyd-Hurwitz

SUSAN LLOYD-HURWITZ
CEO & Managing Director

"Sustainability is at the heart of Mirvac. It is championed from the top down, as illustrated by our Board receiving the Leadership of the Year award at the 2020 Climate Alliance Leadership Awards."

1. By income.

2. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

Our strategy

*Mirvac has a clearly defined purpose, to **Reimagine Urban Life**. These three words encapsulate the essence of what we do and have become the foundation upon which our business strategy is built.*

We recognise that our place in the world of Australian property is a privileged one – and as the creators of significant places within urban communities, we're also acutely aware of our responsibilities. Through our urban strategy, we clarify the common goal that unifies every Mirvac project; unlocking the value of sites and making a positive contribution to the urban landscape, whether it's a residential community or a workplace precinct.

Our urban strategy has stood the test of time, providing resilience in the face of the pandemic, and fuelling future growth. In FY21, we revisited our strategy to ensure that it is still fit for purpose in a rapidly changing world. We concluded that our urban strategy, and our purpose to *Reimagine Urban Life* are even more relevant today than when they were launched eight years ago. We will continue to be a purpose-driven organisation that strives to make a positive impact on people's lives through shaping the urban landscape.



OUR VISION

to be a leading creator and curator of extraordinary urban places and experiences to make life better for millions of Australians.



1. WE ARE

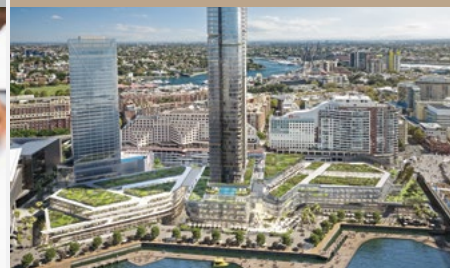
an integrated urban asset creator, owner and manager.

2. WE ARE

world-class in each sector that we operate, with proven capability in creating, owning and managing assets.

3. WE HAVE

a unique ability to combine our strengths in these sectors, to create genuine urban regeneration and mixed use developments.



OUR ASPIRATIONS



TO DELIVER FINANCIAL OUTPERFORMANCE

TO BE FUTURE FIT
through Mirvac Next

TO BE A GLOBAL LEADER IN ESG

TO BE A TRUSTED PARTNER
to government and communities

TO ADVOCATE, RETAIN & ATTRACT
our partners and customers

TO DRIVE COMMERCIAL SUCCESS
through Innovation

TO CREATE A COMPETITIVE ADVANTAGE
through People and Culture



HOW WE WILL GENERATE VALUE

CREATE AND CURATE
our high quality legacy

OBSCESS
about our customers

FOCUS
on the most attractive urban markets

BE A FORCE FOR GOOD

FLEX
through the cycle

DIGITISE
everything



KEY

OUR VALUES
Guide us in everything we do

OUR INTEGRATED MODEL
Where we will compete

OUR FOUNDATIONAL AREAS
Driving our aspirations & underpinning our business

Stakeholder value creation

Creating value for our stakeholders, both now and into the future, helps to ensure the sustainability and viability of Mirvac and enables us to continue to deliver on our purpose, to *Reimagine Urban Life*. There is strong alignment between the interests and values of our business and our key stakeholders, which include our people, partners, customers, communities, investors, and our planet. We strive to understand the diverse and changing needs of all of our stakeholders so we can continue to deliver maximum value where it matters most.

 OUR PEOPLE	 OUR PARTNERS AND SUPPLIERS	 OUR CUSTOMERS	 OUR COMMUNITIES
Our people are our greatest asset and our biggest competitive advantage, so it matters that we attract, sustainably engage, and retain top talent by creating a great place to work.	Our partners and suppliers play a vital role in our business and our sustained success comes down to the strength of these relationships.	From homebuyers and renters to workers and visitors at our workplace and retail precincts, Mirvac's customer base is wide-ranging and diverse. We recognise their interests, preferences and behaviours are constantly evolving, particularly in the face of disruption caused by events like the pandemic.	Having a positive impact and creating value for the communities in which we operate is at the heart of our purpose, to <i>Reimagine Urban Life</i>.
OUR ASPIRATION			
<i>We aim to be the number one employer in the property sector, the place where people want to join, feel like they belong, stay because they can thrive, and are fully supported to grow.</i>	<i>To be a trusted partner and to lead by example, encouraging and advocating for better standards.</i>	<i>The needs of our customers will be at the heart of all our decisions, driving advocacy, retention and attraction.</i>	<i>Create and curate new assets, precincts and communities that contribute to the vibrancy of our cities and improve people's lives.</i>
HOW WE DELIVER VALUE			
By creating a strong culture that prioritises safety, health and wellbeing and where our people believe in our purpose and live our values. We know a happy, healthy, diverse workforce and great people leadership supports engagement, innovation and creativity, and ultimately enhances overall business performance.	- By building long-term mutually beneficial relationships with our partners and suppliers that benefit from trust, transparency and shared values. - By using our purchasing power to be a force for good with social enterprises and Indigenous-owned businesses, and making a positive difference for vulnerable people.	We use the insights we gain from extensive customer research to continue to <i>Reimagine Urban Life</i> in a way that makes a positive contribution to the lives of our customers, and to help us identify future pathways for Mirvac. We also take the time to understand when and why we can improve our product to enhance their experience.	- We set the foundations for strong and cohesive residential communities by prioritising the provision of social infrastructure. - At our retail centres and workplaces, we facilitate social interactions and encourage inclusiveness through the provision of community space for local groups, and by celebrating community and multicultural events such as Diwali, Lunar New Year, NAIDOC Week and Mardi Gras.
FY21 HIGHLIGHTS			
ENGAGED WORKFORCE, WITH 84% willing to work beyond what is required to assist Mirvac to succeed. (March 2021 Employee Pulse Check)	OVER \$8m social procurement spend.	+48 BTR resident Net Promoter Score (NPS) +62 Industrial tenant NPS +43 Office tenant NPS +53 Retail consumer NPS	\$7m in community investment delivered.
A LEADER IN DIVERSITY, ranked #2 employer in the world for gender equity (Equileap).	Published our first modern slavery statement, which sets out our approach to identifying and managing modern slavery risks in our supply chain.	OVER 30% repeat purchasers across our apartments portfolio	OVER 6,000hrs of volunteering completed by more than 800 of our people on National Community Day, independently validated by Business for Societal Impact and with a focus on creating social infrastructure that helps to Build Strong Bonds and alleviate isolation and loneliness.
REPUTATION AS ONE OF THE BEST EMPLOYERS in the sector according to a recent external recruiter survey	Worked with our suppliers, Boral, to use concrete with a lower carbon content at 80 Ann Street in Brisbane.		RELEASED 2ND RECONCILIATION ACTION PLAN, which includes support for the Uluru Statement from the Heart.



3 year rolling average ROIC

7.5%



5 year NTA CAGR

7%



DPS YOY Growth

9%



Created

~\$900m

value over the last 6 years

**GOVERNMENT**

We believe that by working closely with all three levels of Australian government we can help create a better built environment that benefits our communities.

We will continue to be a trusted partner to government.

- By maintaining a strong and mutually beneficial partnership with all levels of government, and ensuring we understand what government is looking for us to deliver. During the COVID-19 pandemic, we worked closely with government at all levels to provide support, advice and feedback on managing the health and economic impacts.

- Our CEO and ELT participated in government advisory boards and roundtables.
- Conducted targeted engagement with government bodies on planning reform, zero-carbon buildings and modern slavery legislation.
- Worked in partnership with government to provide advice and to assist in the state recovery plans.

**INDUSTRY**

We are proud to have been a leader of the Australian property industry for almost 50 years.

We will continue to be a leader of the property industry.

- By playing an active role in encouraging best practice in environmental, social and governance practices, as well as advocating for better building standards.

Participated in a range of industry associations including:

- the Property Council of Australia;
- the Urban Development Institute of Australia;
- the Green Building Council of Australia;
- the Better Buildings Partnership;
- the Business Council of Australia;
- the Committee for Sydney;
- the Committee for Melbourne;
- the Committee for Perth;
- the Greater Sydney Commission;
- the Business for Societal Impact; and
- the Responsible Construction Leadership Group.

**OUR SECURITYHOLDERS**

As owners of our Group, our securityholders are vital to the success of our business.

To continue to deliver financial outperformance and grow returns, while maintaining open and transparent disclosure of our business performance, sustainability initiatives, legislative risks and opportunities.

- By adopting a disciplined approach to capital allocation, flexing through the cycle and remaining focused on the most attractive urban markets.
- By deploying our asset creation capability to create and curate our high quality legacy.
- By maintaining a high touch, best practice investor relations program including investor roadshows, virtual tours and participation in industry conferences and forums.

- Earnings of 14.0 cents per security and distribution of 9.9 cents per stapled security.
- Leveraged our development capabilities to deliver eight new office assets (~\$6.4bn expected end value by FY22) since 2013.
- Our investor relations team was recognised for its exceptional performance winning the Best International Investor Relations Award at the 2021 Australasian Investor Relations Association Awards.

**OUR PLANET**

We believe we have a responsibility to use our influence to help preserve and regenerate our one precious planet and be a force for good, encompassing all critical ESG factors.

To remain recognised as a global leader in ESG.

- By ensuring our carbon, waste and water footprints are planet positive.
- By creating low carbon products for our customers.
- By encouraging our people to be a force for good and make decisions that have a positive impact on our environment.
- By directing our spend towards social enterprises, Indigenous businesses and B-corps¹.
- By providing socially responsible investment opportunities for global capital.

5.2 STAR ★★★★★
NABERS OFFICE PORTFOLIO RATING

80% reduction in Mirvac's carbon footprint

- Diverted 69% of operational waste and 95% of construction waste from landfill.
- AAA rating from MSCI and a Negligible Risk Rating from Sustainalytics (ranking in the top 0.5% globally).
- Founding members of the Climate Leaders Coalition.
- Positive investor feedback.

1. B-Corporations are companies that have received a certification for their social and environmental performance.

The enduring value of Australian cities

The worldwide pandemic has raised legitimate questions about the future of cities.

The trends towards urbanisation have been an unstoppable force for thousands of years, gathering pace in recent decades. Now, forces turbo-charged by the pandemic (work-from-anywhere, digital social and cultural events and mass online shopping to name but a few) have placed a spotlight on movements of people out of cities.

With many of the world's global gateway cities experiencing significant shifts in occupancy and use, we wanted to explore what is happening in and around Australia's major cities. In June 2021, Mirvac Research released *Australian Cities: A runway for outperformance* a report where we examine the key factors that make Australian cities unique.

The data shows strong gravitational forces of Australia's cities remain intact and underpin a long future runway of outperformance.

QUALITY OF LIFE IN OUR CITIES

Since the onset of the pandemic in early 2020, measures of safety, social cohesion and tolerance show attitudes to living in cities are at the most favourable levels on record. Urban locations score highest for measures of liveability including varied social infrastructure and walkability¹.

Australian cities are **safe and socially cohesive**. In Australia, the pandemic strengthened our communities.

In November 2020, Scanlon Institute's survey on social cohesion asked the question 'Is living in your local area becoming better, worse or unchanged?'



A RECORD

88% answered favourably.²

1. RMIT and the Australian Urban Observatory.

2. Mapping Social Cohesion 2020 – The Scanlon Foundation Surveys, Scanlon Foundation Research Institute.



80 Ann Street, Brisbane (artist impression)

UNIQUE DEMOGRAPHIC MAKE-UP

The large volumes of overseas migrants arriving over past decades have overwhelmingly taken residence in the largest cities. Two in five residents in Sydney and Melbourne are foreign born and a third of all households speak a language other than English at home¹. A likely resumption in overseas migration over the next few years, following higher vaccination rates, presents a strong tailwind, with the average age of people in our cities forecast to remain relatively young over the next decade.

Foreign born migrants gravitate to, and generally cluster in, cities which creates a strong urban stickiness. Australia's largest cities have benefited from high population growth due to migration and according to forecasts from the Federal Government's Centre for Population, this is expected to continue over the next decade.



IN RECENT YEARS

prior to the pandemic, Sydney and Melbourne accounted for over 50% of Australia's annual population growth²

MIGRANTS MAKE UP

40% of Sydney and Melbourne's population¹ | **86%** of migrants who have arrived in Australia since 1991 live in cities³



Over the medium to longer term, forecasts from the Federal Government show three in four new Australians are anticipated to reside in Sydney, Melbourne, Brisbane or Perth, with one in two in Sydney and Melbourne⁴

CBDs WILL CONTINUE TO GENERATE ECONOMIC OUTPERFORMANCE

Australia has few alternative cities of scale with the hubs of commerce, innovation, culture and public administration concentrated in just a few large cities. Longer-term disruption from flexible working arrangements may not be as large as surmised given:



Close to a third of the Australian workforce regularly worked from home pre-pandemic;⁵

The majority of the CBD office workforce lives within close proximity (two in three professionals and three in four senior executives live within 15km of their CBD workplace)⁶; and



CBD locations provide firms with the highest access to talent via largely radial mass transportation systems.

CITIES WILL CONTINUE TO ATTRACT HIGHLY SKILLED WORKFORCE

Australia's highly urbanised geography results in deep concentrations of knowledge jobs in the major cities. Assuming ongoing flexible working for largely white-collar roles, considerations for moves out of cities include lengthy commuting times, shallower employment markets, lower earnings and more limited career opportunities for growing cohorts of highly skilled, young workers. While the future of Australian cities remains strong, accelerated trends have laid the groundwork for faster obsolescence in real estate. Australia is a young country, but parts of our cities are ageing and will not be fit for purpose in future. Quantum leaps in customer expectation of technology, well-being, inclusion and the push for net-zero carbon will result in a gravitational shift towards locations and spaces that can acutely meet these needs.



Current estimates⁴ are that new renter households will exceed 300,000 over the 10 years to 2031, bringing the total volume to over 3.4 million

While the forces underpinning urbanisation in Australia remain intact and are accelerating, pandemic-related trends have laid the groundwork for faster obsolescence. Cities aren't being unmade but they must be remade if they are to remain relevant and meet the needs of our growing populations. With our unique asset creation capability and \$28bn⁷ future development pipeline, Mirvac is ideally placed to play an important role in the creation and curation of the next generation of sustainable, connected spaces, as we continue to reimagine urban life in our cities.

1. Census, Australian Bureau of Statistics.

2. Regional Population, Australian Bureau of Statistics; Foreign-born population, OECD.

3. Mapping Social Cohesion 2020 – The Scanlon Foundation Surveys, Scanlon Foundation Research Institute.

4. Census, Australian Bureau of Statistics, Centre for Population December 2020, Population Statement Overview, the Australian Government, Canberra.

5. ABS TableBuilder, Census 2016.

6. Working Arrangements, Characteristics of Employment, abs.gov.au.

7. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

Integrated Investment Portfolio

During FY21, we formed a new business division. The Integrated Investment Portfolio (IIP) consolidates the award-winning capabilities of our Office, Industrial, Retail and Build to Rent teams, led by Campbell Hanan.

Bringing these teams together into one division reflects our departure from the traditional 'industry lens' view of property as a series of silos lined up behind physical asset classes. Instead, our new approach puts the customer at the forefront of every decision we make. More than 20 of our IIP customers already hold leases across two sectors, and we are excited about the potential to grow these relationships and expand on the cross business opportunities. By focusing on delivering a series of interconnected urban experiences – from home to work to shopping and socialising – we believe we can deliver significant value to our customers.

Through the creation of one integrated, co-ordinated and cross-disciplined team of people with complementary skills and experience, as well as a shared passion to drive positive change, we are also able to unlock synergies and increase efficiencies across our operations.



275 Kent Street, Sydney

Office

With approximately \$15.9bn assets under management, our award-winning office portfolio is one of the largest, as well as one of the youngest and best performing portfolios in the country.

98 per cent of the portfolio comprises premium and A-grade assets, including some of Australia's most exceptional workplaces. The portfolio's quality enables us to maximise revenue generation, with minimal capital expenditure, driving passive earnings and creating a stable income for the Group.

The composition of our portfolio also provided resilience during the pandemic. Our limited exposure to SMEs (less than 2 per cent) and our market-leading WALE¹ of 6.3 years safeguarded our assets through the series of lockdowns that punctuated the last year. While pandemic-induced restrictions continue to cause uncertainty, it was encouraging to see positive momentum in Australia's office markets, with physical occupancy slowly but surely climbing in the extended periods in between lockdowns.

During the year, we supported our customers' efforts to return to the office by implementing additional health and safety measures across our portfolio and supporting the creation of COVIDSafe environments.

When it was appropriate, as restrictions were lifted, we worked with our customers on a range of initiatives to encourage workers back into CBDs. For example, Riverside Quay in Melbourne got behind FOMO Fridays, an initiative from the City of Melbourne, in partnership with the Property Council of Australia and the Australian Retailers Association, to reignite Melbourne's CBD. For several Fridays in May and June, the precinct's alfresco laneways came alive with live music, roving performers and retailer offers for Melburnians to enjoy breakfast and lunch on stunning Southbank.

We took the opportunity to enhance the quality of our portfolio during the year, with the sale of 340 Adelaide Street, Brisbane in November.

Following an extensive refurbishment program, the asset sold for an 11 per cent premium to its book value at 30 June 2020. Proceeds from the sale will be redeployed to grow our asset creation business, including 80 Ann Street, Brisbane. Upon completion, which is expected in FY22, 80 Ann Street will be one of Australia's most sustainable workplace precincts.



98%

of our office portfolio is made of premium and A-grade assets, including some of Australia's most exceptional workplaces

Office snapshot

FY21	FY20	FY19
\$7.7bn		
Portfolio value	\$7.3bn	\$6.7bn
25		
Number of properties ³	25	27
785,841 sqm		
Net lettable area	685,810 sqm	657,140 sqm
95.5%		
Occupancy ²	98.3%	98.2%
6.3 years		
Weighted average lease expiry ¹	6.4 years	6.4 years
5.14%		
Weighted average cap rate	5.25%	5.43%
0.2%		
Like-for-like NOI growth	3.8%	5.7%

1. By income.

2. By area.

3. Excludes IPUC and properties being held for development. FY20 and FY19 have been restated to exclude IPUC.



THE OMNI-CHANNEL WORKER

As we build towards recovery, one thing is clear: the pandemic has permanently changed the way we work. Flexible working and working from anywhere, were already happening pre-COVID-19, and the pandemic has accelerated these trends. In April, we released a new whitepaper, *The Rise of the omni-channel worker*, in collaboration with global think tank WORKTECH Academy. The paper heralds a new era of omni-channel working, exploring the impact of these accelerating trends on the way we work and identifies ways that business must adapt their workplaces in response.

The paper found that the physical office is still critical to the way we work, but it will be reimagined from the traditional office format to a hub of culture, connectivity, collaboration, and learning. It also anticipates there will be an increase in complementary digital platforms and workspaces that can be utilised by omni-channel workers, as technology enables and strong virtual, cloud-based infrastructure facilitates cross-channel working and ensures equality of experience and culture.



Industrial

Demand continued to grow for quality industrial space during FY21, leading to a tightening of vacancy across the industrial sector. Research shows the pandemic accelerated the structural growth of e-commerce in Australia by between three to five years, as customer-driven demand prompted retailers to invest in their supply chain, freight, and logistics capabilities. Our strategically located industrial portfolio, 100 per cent weighted to Sydney and well positioned in the Western Sydney growth corridor, continued to benefit from these trends during the year. As with office, our modern, high-quality portfolio is well placed to provide flexibility to support the changing needs of our customers, while the high quality of our assets, our long WALE of 7.4 years and 100 per cent occupancy provided resilience and maximised income generation.



Calibre, Eastern Creek, Sydney

Industrial snapshot

FY21	FY20	FY19
\$1.2bn		
Portfolio value	\$944m	\$877m
10		
Number of properties	10	10
469,339 sqm		
Net lettable area	469,313 sqm	469,315 sqm
100%		
Occupancy ¹	99.4%	99.7%
7.4 years		
Weighted average lease expiry ²	7.4 years	7.7 years
4.78%		
Weighted average cap rate	5.60%	5.72%
4.5%		
Like-for-like NOI growth	1.1%	7.8%

1. By area.

2. By income.

Retail

In FY21, the retail sector continued to be impacted by the global pandemic. As Mirvac built towards recovery, we focused on safety and creating the highest possible standards for COVIDSafe operations in our retail centres. The impact of the pandemic on our retail centres has varied. Assets with strong established catchments in our \$3.2bn portfolio continued to benefit from their strategic positioning, however those assets with high exposure to workers, tourists and international students experienced ongoing impacts from pandemic-related restrictions.

Prior to the recent lockdowns, we had seen footfall returning to most of these centres, assisted by our ongoing commitment to innovate and find creative ways to excite our customers with new brands and community experiences. As the pandemic continues to evolve and localised outbreaks occur, we see a corresponding change in behaviour as the population responds to changing government restrictions in real-time. Where COVID-19 cases are contained, mobility and physical human engagement bounces back, which is reflected in improved footfall and sales at our retail assets.

Recognising the important role that our retail centres have in their communities as an essential service and community connector, during the year we continued to deliver a range of targeted initiatives to support those most in need. You can read more about our Shelter@Mircac initiative on the next page.

A focus for FY21 was further delivering on our strategy with new partner solutions and consumer offers across a variety of channels, bringing the online world to bricks and mortar and ensuring a true omni-channel offer for our partners and customers — the future of retail. By using our platform and capability as 'retail as a service', we are removing traditional barriers to entry to physical stores and creating business solutions for entrepreneurs through successful initiatives such as "WeShow" and "WeMake". Beyond transactional experiences and retail, we strengthened our customer offer by investing in our first fashion start-up and social-commerce platform, Mys Tyler.



Anglicare Winter Food Drive volunteers at South Village, Sydney

We will work with Mys Tyler to further promote inclusivity in fashion and support their vision of connecting women around the world of similar height, size, shape and tones with outfits and body-relevant fashion inspiration they love. Importantly, as connectivity is a key strategic ambition for us, our partnership will connect our respective partner and customer communities.

We progressed our partnership strategy during the year, with the announcement of several new partners including Biennale of Sydney, fostering contemporary arts in our Sydney retail and office assets, and Hanrob Pet Hotels, providing our communities with market-leading pet training, care and services.



ACON'S

'Welcome Here'

project, designed to create and promote safe and inclusive environments, was extended to all 16 of our centres.

We also stepped up our commitment to inclusivity during Sydney's Mardi Gras, with the extension of ACON's 'Welcome Here Project' to all of our retail centres. This safe space initiative creates and promotes environments that are visibly welcoming and inclusive of the LGBTQ+ community.

Recognising that community and family were the most important things in FY21, we were pleased to launch a new and inclusive family community program across our portfolio in April. Created with diversity and community in mind, Together + Co is the next iteration of Mirvac Retail's family programs and recognises that modern families come in all different shapes and sizes.

We made significant progress on our sustainability goals in FY21, including our announcement that as of 1 January 2021, all of our retail shopping centres are powered by 100 per cent renewable electricity.

You can read more about it on page 40.

Retail snapshot

FY21	FY20	FY19
\$3.2bn		
Portfolio value	\$3.1bn	\$3.4bn
15		
Number of properties	16	17
409,569 sqm¹		
Gross lettable area	428,927 sqm	437,899 sqm
98%		
Occupancy ²	98.3%	99.2%
3.6 years		
Weighted average lease expiry ³	3.8 years	4.1 years
5.47%		
Weighted average cap rate	5.55%	5.41%
(2.0%)		
Like-for-like NOI growth	N/A	2.6%



Toombul Shopping Centre, Brisbane

SHELTER@MIRVAC

At Mirvac, we recognise that our places do not exist in isolation, and that connecting with our local communities delivers better outcomes for us all. The COVID-19 pandemic (and the resultant government-mandated lockdowns), significantly impacted many in retail. In response, our team developed Shelter@Mircvac, an initiative that focuses on leveraging our skills and capabilities, as well as our assets, to help those who need it most.

With a specific focus on providing temporary accommodation, food, and mental health support, Shelter@Mircvac has seen Mirvac establish a number of key relationships with for-impact businesses, including OzHarvest, Anglicare and headspace.

Our relationship with headspace has been particularly valuable, with Mirvac becoming a Career Mentoring Program Partner in September last year. At the height of the pandemic, studies showed that COVID-19 disproportionately affected young people and their optimism about their future.

The mentoring program sees 20 Mirvac employees meet online with a mentee every fortnight. They work on their career aspirations and goal setting, and are provided with real world insights to help develop their confidence and skills.

Being involved in the mentoring program has had benefits for the mentors too, including:

- > a positive impact on their professional skills;
- > the development of new skills which they can apply in their day-to-day roles at Mirvac;
- > increased knowledge and understanding of mental health; and
- > higher workplace engagement.

A number of Mirvac retail assets have also helped headspace share their mental health messages and raise funds, particularly around Mental Health Week in October last year.

With our Retail business now part of the Integrated Investment Portfolio, the Shelter@Mircvac team will look at how it can extend its reach across Mirvac's office, industrial and build to rent communities.

MIRVAC'S IMPACT⁴

21

young people mentored by Mirvac employees since October 2020

103

sessions delivered since October 2020

18%

of young people mentored live in regional Australia

92%

of young people being mentored through headspace say they feel more confident about their work future

"Being a part of the mentoring program and being able to give back to the community has increased my sense of purpose and driven home how much I enjoy helping people. I know I will continue to do so in some way shape or form. We can't help everyone, but everyone can help someone."

Mircvac Design Manager, Herwin Bunting-Sylvis.

1. Excludes 80 Bay Street & 1-3 Smail Street, Ultimo.

2. By area.

3. By income.

4. As at May 2021.

Build to Rent

FY21 saw the delivery of our operating platform and the official opening of our first build to rent property, LIV Indigo at Sydney Olympic Park. After more than five years of hard work from our team, the very first group of residents moved into their apartments in September 2020 and began their living experience with us.

The LIV brand proposition is 'A Home Built Around You', providing simplicity, connection and flexibility in housing choice. The brand proposition is designed to appeal to the basic human needs of safety, belonging and individuality and provides customers with 'an opportunity to live in a way that suits your lifestyle'.

Our pilot project, LIV Indigo, is purpose built and designed for renters. The building comprises 315, high quality, one-, two- and three-bedroom apartments. As our residents have discovered, living at LIV Indigo is eminently different to traditional renting.

LIV is pet-friendly, residents are encouraged to paint walls, hang pictures, and personalise their space. There are no bonds. White goods are included, and utilities are purchased in bulk and savings are passed on to residents. Resident services and property maintenance teams are onsite seven days a week.

The entire penthouse floor is dedicated to communal amenities. There are co-working spaces, a cinema, a chef's kitchen, BBQs, a yoga studio, gym, and kids' playground.

The building also sets sustainability benchmarks. Our residents benefit from access to electric vehicle chargers, bike sharing, solar panels, recycled water, and energy offsets.

Following its official opening in September 2020, the building is now 80 per cent leased following strong demand throughout the year.

Encouragingly, many residents relocated from locations like Vacluse in the east, Cammeray in the north, or from the CBD and Surry Hills, along with southern and western suburbs. For us, this demonstrates that for some people, security of tenure and a sense of belonging and community is the most important factor in choosing where to live.

The customer feedback we have received has been overwhelmingly positive, demonstrating that the LIV experience resonated strongly with our residents during the year. As the first group to experience build to rent in Australia, feedback from our residents has all been vital as we continue to refine our offering at LIV Indigo and refine our service and platform to best meet their needs. We have also utilised these insights to shape our future portfolio, including build to rent properties in Melbourne and Brisbane.

The customer feedback we have received has been overwhelmingly positive, demonstrating that the LIV experience resonated strongly with our residents during the year.



CONNECTING COMMUNITIES THROUGH ART

LIV Indigo partnered with the Murama Cultural Council, a local group that aims to connect Sydney Olympic Park with the Indigenous community, to create a unique art installation for the building. The partnership saw Western Sydney-based artists, Jade Jackson and Dr John Hunter bring to life a mural comprising three sections, each four metres long, which today adorns the lobby at LIV Indigo.

Their work was inspired by a series of conversations the artists had with LIV Indigo residents. It tells their stories and shows how the land connects the traditional custodians and the present community as well as everyone in between. The residents are also represented physically in the mural by their handprints and some paw prints, too. It's a lasting symbol of their connection to this place they call home, as well as a tribute to the Wann-gal people of the Eora nation.

Angela Buckley, Mirvac's General Manager, Build to Rent said, "At LIV Indigo, we strive to give our residents a real sense of home. But we know home doesn't stop at your door. It comes from the neighbourhood, the people around you and also the connection to your surroundings. We look forward to continuing to work with the Murama Cultural Council as well as Sydney Olympic Park Authority to contribute to a strong and inclusive community for all the residents and visitors here at Sydney Olympic Park."

Commercial & Mixed Use

Population growth is increasing the density of our cities. At the same time, we are seeing sustained demand from city dwellers for precincts that seamlessly integrate multiple uses and activities, that accommodate changing lifestyles. Our urban asset creation capability, together with our integrated model that enables the seamless delivery of large-scale renewal projects, means we are uniquely placed to respond to this demand for sustainable, walkable, mixed use precincts.

In FY21, we formed a dedicated Commercial and Mixed Use division. Bringing together our cross-sector experience into one team for the first time, we are ideally placed to enhance our already considerable mixed use capability, and position Mirvac to take on increasingly complex, mixed use projects that shape and define our future cities.

This new division is responsible for the delivery of our \$12bn¹ commercial and mixed use development pipeline. Comprising the next generation of value accretive projects, our development pipeline offers optionality and growth. These future precincts provide our team with exciting opportunities to cater to changing lifestyles and customer preferences, as well as support population growth by reimagining Australia's urban landscape.

MIXED USE

WATERLOO METRO QUARTER, SYDNEY

Mirvac won a competitive tender to deliver Sydney Metro's integrated station development at Waterloo in collaboration with John Holland. In December 2020, SSDAs were submitted for the precinct which comprises three towers and two mid-rise buildings above and adjacent to the station.



**MIXED USE PROJECTS
SHAPE AND DEFINE
OUR FUTURE CITIES**



Waterloo Metro Quarter, Sydney (artist impression)

7 SPENCER STREET, MELBOURNE

Planning approval was granted for our mixed use precinct at 7 Spencer Street, Melbourne. Plans include an innovative 43,000 sqm office tower known as The Civic and a build to rent offering called LIV Aston, featuring 474 apartments.

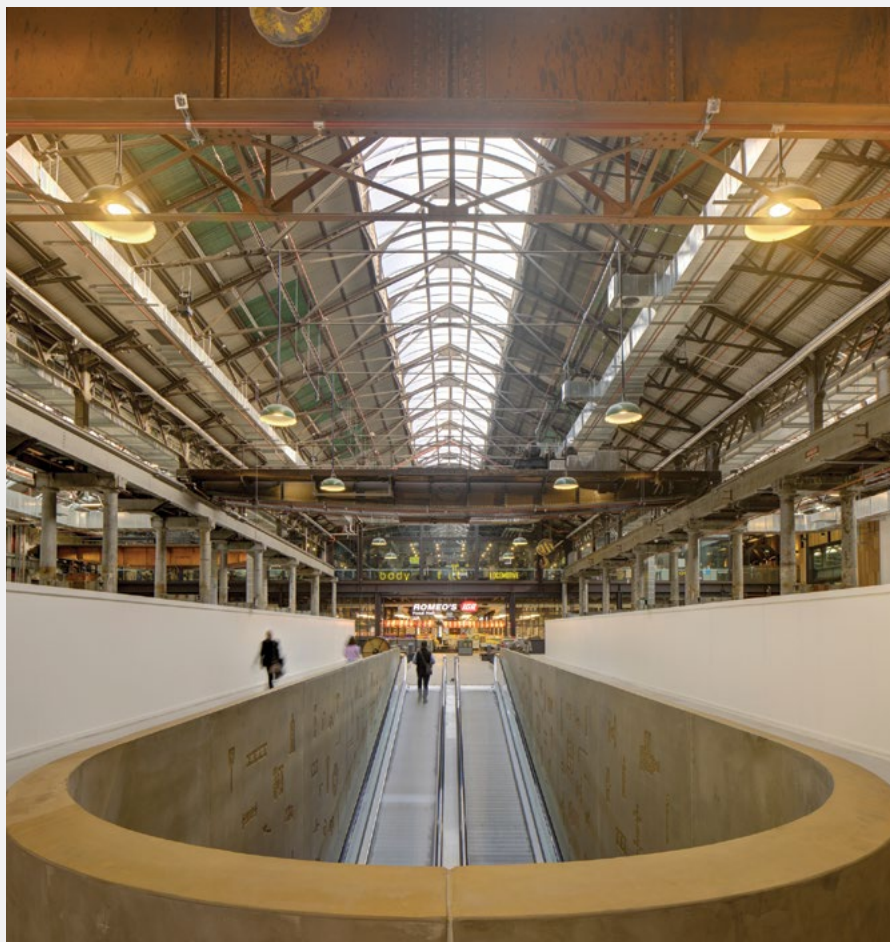
HARBOURSIDE, SYDNEY

In June 2021, the Independent Planning Commission granted concept approval for the redevelopment of Harbourside Shopping Centre at Darling Harbour, Sydney, which has the potential to deliver a new public domain of over 8,200 sqm, together with new shops, office space and a residential tower.



Harbourside, Sydney (artist impression)

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.



The Locomotive Workshop, South Eveleigh, Sydney

OFFICE

LOCOMOTIVE WORKSHOP, SOUTH EVELEIGH, SYDNEY

The Locomotive Workshop at South Eveleigh is now substantially complete, with a 49 per cent sell down taking place in August 2021. The redevelopment of this historic building is the final stage of the delivery of the South Eveleigh precinct, offering ~23,500 sqm of office and 8,000 sqm of vibrant retail, dining and service amenity. 96 per cent of the office space is now leased, as well as 100 per cent of the retail space.

80 ANN STREET, BRISBANE

We continued to progress construction of Suncorp's new headquarters at 80 Ann Street during the year. This 60,000 sqm office development will see the revitalisation of the historic Brisbane Fruit and Produce Exchange at Turbot Street. The building is 81 per cent pre-committed.

55 PITT STREET, SYDNEY

Following an international competition, a design by SHoP Architects and Woods Bagot was selected for this 63,000 sqm premium commercial and retail precinct. The design was chosen for its reference to the site's historic foreshore location and tropical surrounds and will make a significant contribution to the revitalisation of the iconic Circular Quay precinct.



“A significant contribution to the revitalisation of the iconic Circular Quay precinct.”

55 Pitt Street, Sydney

INDUSTRIAL

ASPECT INDUSTRIAL ESTATE, SYDNEY

Following the rezoning of Aspect Industrial Estate in June 2020, an SSDA was submitted to the Department of Planning, Infrastructure and Environment, with public exhibition completed in December 2020. A heads of agreement² has been entered into for the initial development, with the project being shortlisted for a number of leasing requirements. The estate is sitting at the head of a new employment hub for Western Sydney with excellent transport links and in close proximity to the new Western Sydney International Airport at Badgerys Creek.

ELIZABETH ENTERPRISE, SYDNEY

Rezoning has been secured for Stage 1 & 2 of our Elizabeth Enterprise Precinct located 800 metres from the future Western Sydney Airport. During FY21, we acquired stage 2 (52ha) increasing our total estate to 90ha and our industrial development pipeline to \$2bn¹.

SWITCHYARD, SYDNEY

During FY21, we signed heads of agreement² for 30 per cent of the net lettable area at the Switchyard industrial project in Auburn, Sydney, which is expected to cater for an increase in last-mile related demand.



55 Pitt Street, Sydney (artist impression)

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

2. Non-binding.

Commercial & Mixed Use *continued*



LIV Anura, Brisbane (artist impression)

BUILD TO RENT

LIV MUNRO, MELBOURNE

Construction progressed at LIV Munro, Melbourne comprising 490 purpose-built build to rent apartments together with a range of amenity adjacent to the City of Melbourne's \$250 million renewal of the Queen Victoria Market.

LIV ALBERT FIELDS, MELBOURNE

A planning application was lodged for the precinct masterplan seeking approval for approximately 500 apartments in partnership with Milieu.

LIV ANURA, BRISBANE

Construction will commence at LIV Anura in August 2021 following our selection by the Queensland Government for its Build to Rent Pilot Project. The project is designed to introduce a ground-breaking housing model which has the potential to improve housing diversity. The Queensland Government has committed to provide a 25 per cent rental subsidy for 25 per cent of the apartments (99 units) in the project.

BRISBANE STREET ART FESTIVAL

The COVID-19 pandemic was challenging for many, but several industries were hit particularly hard. This included the arts sector, with a large number of artists suddenly and unexpectedly finding themselves without a source of income.

At 80 Ann Street in Brisbane, Mirvac was able to show its support through this challenging time by commissioning four young artists to transform the 62 metre hoardings around the site as part of the Brisbane Street Art Festival. Not only did this give work to people who needed it, but the art activated the space, turning it into something for everyone to enjoy. The hoardings will remain in place until late 2021.



1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

PARTNERING AT 80 ANN STREET

Engaging with the local communities in which we operate is an important part of our commitment to leave a positive legacy. It's an integral part of our business and something we've been doing for nearly 50 years. Driving this is our passionate team who want to collaborate with local communities – because it's the right thing to do and delivers better outcomes.

Take, for example, our 80 Ann Street project team in Brisbane. When construction on site began in 2018, they noticed a large number of people living on the streets around site and began looking at how they could make a difference in a meaningful way. What followed has been an ongoing relationship with Micah Projects, a not-for-profit organisation that provides assistance across the Brisbane community. Micah's services, which have a strong alignment to Mirvac's own ambition to reduce isolation and facilitate connected communities, range from helping people find permanent accommodation to supporting those affected by domestic violence.

Since partnering with Micah, our 80 Ann Street project team has participated in and hosted a number of activities that support these services. It's been great to see our partners and subcontractors lending their support too, which in turn, helps us to have an even bigger impact. For example, together with Suncorp (our major tenant at 80 Ann Street), we took part in Micah's Kettles and Toasters fundraising drive, which was aimed at helping set up homes for those transitioning from rough sleeping to permanent housing. And in December last year, our team joined members of the Brisbane community to help prepare over 300 fresh fruit hampers as part of their Christmas Hamper Appeal.

In addition, Mirvac's subcontractors – including Precision Interiors, Heinrich, Micos Group, Fredon and Aus PT – kindly donated prizes to be raffled at an onsite BBQ, raising funds for Micah's Home for Good support and advocacy teams, while a staggering \$60,000 was raised through a project team golf day attended by the Mirvac team, contractors and project partners.

More recently, at our sixth annual Mirvac Community Day, the 80 Ann Street team, along with our tenants at nearby assets, helped to organise 40 bedding packs and 100 care packs filled with toiletries, towels, warm throw rugs, pots, pans and kitchen utensils, to give to children, women and men who are vulnerable.

Micah's CEO said that the partnership with Mirvac has helped them to assist people not just to access housing, but to make their house a home.

"So many children, their families and individuals feel such relief when they can begin again with the support of the community and through partnerships like we have with Mirvac," she said.

And for Mirvac, it's helped raise awareness around the challenges faced by people experiencing homelessness.

"We're proud to support Micah as we continue to help enrich the lives of those who are disadvantaged in the community,"

Samantha Collins, Development Manager.



NINE by Mirvac, Willoughby, Sydney (artist impression)

Residential

In FY21, our Residential business achieved its highest number of sales since FY16, the result of unprecedented demand for masterplanned communities, driven by government stimulus, and strong owner occupier demand for apartments. Over 79 per cent of our sales were to owner occupiers during the year. The depth and diversity of our development pipeline, together with our commitment to being shovel ready, enabled us to time project launches in order to capitalise on buoyant market conditions and the continued decline in housing starts. This strategic approach paid dividends throughout the year and delivered exceptional results. Notably in Brisbane, Quay Waterfront made a stellar debut to a waiting list of buyers with the building already 71 per cent² unconditionally presold. At The Village, in Menangle, Sydney, the first land project launched by Mirvac in Sydney since FY16, the initial release sold out in a single day. We also saw strong sales at Green Square, Sydney where 52 per cent² of the first and second buildings of the current stage are now sold ahead of completion due in FY23. Demand for larger apartments emerged as one of the defining trends of FY21.

Our commitment to design excellence, sustainability and innovation also helped to drive the overwhelming market response for Mirvac Residential product. It continues to differentiate our product and resonate with our customers. Put simply, it's the Mirvac difference. The pandemic has changed the way people live their lives. It has created a greater appreciation for quality and the little details in our homes, and highlighted the need for well-planned communities, serviced by social infrastructure and amenity. Our focus on quality and customer service, on pioneering sustainability and wellbeing in our homes, delivering amenity early in the creation of our communities and evolving design to meet changing customer preferences, has underpinned how we think at Mirvac for the past 49 years. But it is more relevant now than ever before.

1. Excludes JV projects.

2. Includes deposits and conditional sales.

Residential snapshot

FY21	FY20	FY19
26,569		
Number of pipeline lots	27,361	27,992
3,375		
Number of exchanges	1,843	1,785
2,526		
Number of lots settled	2,563	2,611
\$1.2bn		
Pre-sales secured	\$971m	\$1.7bn
26%		
Residential gross margin	24%	27% ¹
10.1%		
Residential return on invested capital	13.8%	12.6%



Woodlea, Melbourne

Despite the disruption caused by the global pandemic, construction progressed apace across the portfolio during the year. Our unique, integrated model continued to support the efficient, seamless delivery of landmark urban renewal projects, shaping our cities and enriching communities. We trialled new technologies and construction methods, such as prefabrication, and explored new ways to reduce construction waste. These innovations have the potential not only to contribute to a safer, more sustainable construction industry, but also to enable Mirvac to continue to successfully deliver its diverse portfolio more efficiently. This year, we broke ground on exciting new projects at Menangle, Waverley and Willoughby in Sydney as well as on the next stage of Green Square, as part of our landmark transformation of that precinct. We celebrated 'topping out' at Voyager, our iconic 43-level tower at our Yarra's Edge community in Melbourne. We announced that Portman on the Park at Green Square in Sydney is the first residential project in Australia to seek WELLv2 building standard certification, a global measure of the impact of the built environment on health and wellbeing.

At a time when many were faced with extended lockdowns and pandemic-related restrictions, our focus on creating communities was even more important. During the year, we invested \$4.9m in the communities where we develop. This includes establishing programs of events and activities specifically curated for the local communities, designed to bring new neighbours together and facilitate lasting connections. A significant portion of this investment was at Olivine, Melbourne, where we opened Shared Cup, a not-for-profit social enterprise, alongside a new playground which is already bringing the community together.

At Everleigh in Brisbane, we engaged community manager, Enriching Communities, four years ago – before the project even



Left to right: Stuart Penklis, Susan Lloyd-Hurwitz and the Hon. Richard Wynne MP celebrate the 'topping out' of Voyager at Yarra's Edge, Melbourne

launched – and today the community program offers everything from fitness classes to after-school sport, coffee groups, movie nights and arts and craft. We also welcomed our 100th household at Everleigh during the year. As a result of our community initiatives, these new neighbours have already become good friends.

Building sustainable communities through partnerships is an important part of how we *Reimagine Urban Life*. So, we were pleased to announce our new relationship with the Deakin Melbourne Boomers as the Naming Rights Partner of the Boomers Academy program for Wantirna South, Melbourne where we are bringing to life a new socially and environmentally sustainable community. The Boomers Academy is for boys and girls aged 6-14 who want to learn about basketball, improve their skills, and gain confidence, in a fun and safe environment. In April, as part of our partnership with CSV Limited, we celebrated breaking ground on Clyde Grammar,

the new independent school located at our benchmark 240ha Smiths Lane masterplanned community in Clyde North, one of the largest landholdings in Melbourne's south-east.

In March, at Pavilions in Sydney, we unveiled an industry-first apartment, made using waste materials, that has the potential to revolutionise home construction and at the same time transform household waste into a valuable resource. You can read more about it on the next page.

By delivering high quality homes and connected communities, we believe we have made a lasting contribution to people's lives over the past 49 years. As we look forward to the next 50, our residential development pipeline of \$15.7bn¹, including 26,569 lots, underscores our commitment to bringing to life the next generation of landmark communities that will leave a positive legacy for millions of Australians.


We expanded our
\$15.7bn¹
residential pipeline across
the country and continued to build
on our reputation for delivering
high-quality communities



First home buyers at Everleigh, Brisbane

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

Left to right: Cllr. Linda Scott, Susan Lloyd-Hurwitz, the Hon. Matt Kean MP, Professor Veena Sahajwalla.



PUTTING WASTE TO WORK IN APARTMENTS

The Earth's resources are precious and finite, a stark reality we sought to address when we released *Planet Positive: Waste & Materials*, our road map for achieving our target to send zero waste to landfill by 2030. Our plan is anchored on principles of the circular economy, whereby we expand our focus from waste diversion and recycling to whole of life material use. That means we strive to harness our purchasing power, influence over design, leadership in construction methods, and commitment to sustainable operations to ensure that we reduce our overall consumption and pursue re-use opportunities, while maintaining a strong focus on diverting waste from landfill.

In line with this, and building on the collaboration we began with Professor Veena Sahajwalla and the UNSW Centre of Sustainable Materials Research and Technology (SMaRT) in FY20, this year we unveiled an apartment at Pavilions in Sydney in which green ceramics – made from waste glass and waste textiles – were used to form part of the flooring, wall tiles, kitchen and lighting features, furniture and artworks.

These stylish and innovative green ceramics passed rigorous tests for slip and fire resistance and acoustics to comply with the Building Code of Australia; the culmination of more than a year of collaborative work between Mirvac and the SMaRT Centre. The successful application of the product is a world-first and demonstrates the potential to revolutionise the way we build by reimagining waste as a valuable resource, which in turn reduces demand for virgin materials.

"In Australia, the building industry is responsible for around 60 per cent of the waste we generate and globally, buildings are responsible for around 50 per cent of materials used," said Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz. "Through our work with Professor Sahajwalla and the SMaRT Centre, we've identified a way to not only divert waste from landfill, but provide a valuable second life for waste materials."

The industry-leading Pavilions apartment progresses Mirvac's collaboration with the SMaRT Centre, and with a shared commitment to the environment and innovation, there are more exciting projects already being explored. Watch this space.

"The built environment is a big contributor of global materials extraction and waste, and we see this as an opportunity to play our part and be a force for good."

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz.

BUILDING HOMES TO A GREEN STAR STANDARD

Mirvac has long been committed to creating places that have a positive environmental impact, spanning both our commercial and residential developments. We've partnered with the Green Building Council of Australia's (GBCA) Green Star certification to assess our office and retail developments since 2002, with 44 of our assets Green Star rated, and an average 3 Star Green Star Performance rating across our office and retail portfolios.

In response to an increased focus on the delivery of healthier and more sustainable homes, the GBCA, which is currently chaired by our CEO & Managing Director, Susan Lloyd-Hurwitz, announced in May last year that it was pursuing an ambitious new national standard as an extension of its commercial program – Green Star Homes. The new standard hinges on a singular ambition – to deliver healthy, resilient, net-zero energy homes.

To aid this ambition, and in line with our own commitment to build healthy, climate-resilient homes, we are implementing a pilot at our masterplanned communities project, Olivine, in Melbourne, which will see us adopt the requirements set out in the Green Star Homes standard. As well as helping Mirvac to better understand and measure the performance of its homes, the pilot will also give us a clearer understanding of the impact we can have on the health and wellbeing of our residential customers.

Our people

At Mirvac, our people are our most important asset and we believe our culture is a source of competitive advantage. The pandemic has presented significant challenges during the past year, but we are in a stronger position because our people are the bedrock of our culture.

Our embedded flexibility, which was in place well before the outbreak of COVID-19, and our enthusiasm to embrace change, enabled us to explore and adopt new ways of working and respond to our customers' changing needs, despite the disruption to both work and home lives during the year.

But while our engagement levels remained strong in FY21, our people have been undoubtedly impacted by the pandemic. From travel restrictions, lockdowns, isolation and home schooling, our teams needed to adapt, dig deep and make sacrifices. We are a long way from fully understanding the short- and long-term impacts of the pandemic on our health and wellbeing. With this in mind, we dialled up our support for employees and focused on safeguarding their health and wellbeing.

Since the onset of the pandemic, communication and regular employee pulse surveys have been the cornerstone of our support framework and our ability to identify what would help bolster the engagement and wellbeing of our people. We increased the visibility of our leaders and managers and encouraged employee feedback via regular check ins. In addition to the surveys, these included staff Teams meetings where Susan Lloyd-Hurwitz and the ELT provided updates and addressed questions and concerns. Understanding how our people were feeling and putting in place pragmatic solutions was vital in addressing any immediate issues and concerns.

During the year, there have been a number of changes to our organisational structure and renewal at the ELT level with the departure of three ELT roles and the recruitment of a new Group CFO. We are pleased to have been able to quickly and effectively manage these transitions while maintaining engagement levels, culture, and customer-centricity. The restructures have resulted in career opportunities for key talent and internal progression, and we are pleased to have remained above target for our Women in Senior Management metric. Over the longer term, the structural changes will set our people up for success by enabling more seamless career opportunities across investment asset classes and fostering capability development to support our purpose to *Reimagine Urban Life*.

OUR PEOPLE FY21 HIGHLIGHTS

10 all-staff
'Check-in with Sue' virtual live events

OVER
125k meetings
held via Microsoft Teams

ENGAGEMENT
84%
willing to go above and beyond (March 2021 Employee Pulse Check)

During FY21, we continued to work towards gender parity, maintained our zero gender pay gap, and increased the number of women in senior roles to 22 in line with our target.



"I'm grateful and proud for how Mirvac managed through this challenging year. Thank you for making us feel safe and looking after us during this hard and challenging time."

Anonymous quote from internal pulse survey



"I have greatly appreciated the support of Mirvac this year, it is proof that the company itself is one that lives its values. The health and wellbeing of each staff member has been a priority. I want to thank you for caring for us, we have managed to achieve amazing results because of this."

Anonymous quote from internal pulse survey



Our people *continued*

OUR VALUES



WE PUT
PEOPLE FIRST



WE
COLLABORATE



HOW WE WORK
MATTERS



WE ARE PASSIONATE ABOUT
QUALITY AND LEGACY



WE ARE CURIOUS
AND BOLD



WE ARE GENUINE
AND DO THE RIGHT THING

FY21 FOCUS AREAS

DIVERSITY AND INCLUSION

- > Ranked number two in the world (and number one in Asia Pacific) for gender equity by Equileap for the second year in a row.



Ranked number two in the world (and number one in Asia Pacific) for

*gender equity for
the second year in a row*

- > Named WGEA Employer of Choice for the seventh year in a row.
- > Looking to the future, our employees are currently helping shape the next steps in our diversity and inclusion journey. Our intention is to maintain our position as a leading Australian company on gender diversity while also broadening this focus to ensure all employees belong and feel included (an example being our recently announced membership of Pride in Diversity).

CULTURE

A KEY FOCUS OF FY21 WAS

**STRENGTHENING
OUR CULTURE**

in a hybrid environment



- > Crafting a hybrid working position that helps to maintain benefits of flexibility/remote working while also recognising the role of the office and the impact on our culture.
- > We refreshed our Flexibility Charter to help empower our people to choose how and where they work.

LEADERSHIP

- > Launched a new leadership framework outlining the 'Big FIVE' expectations that Mirvac leaders need to meet in a post-pandemic world. This included training sessions with over 100 people leaders across the business to equip them with the knowledge and skills to bring the new leadership expectations to life.

LAUNCHED A NEW
LEADERSHIP FRAMEWORK
OUTLINING THE

**'BIG FIVE'
EXPECTATIONS**

that Mirvac leaders need to
meet in a post-pandemic world



- > We delivered on our ongoing commitment to delivering leadership training and forums throughout FY21.

WORKFORCE AT A GLANCE



HEADCOUNT

1,416

BOARD REPRESENTATION

♀ 50:50 ♂

♂ 43% Female representation in senior management

GENDER SPLIT

♀ 46:54 ♂



PAID PARENTAL LEAVE POLICY

20 weeks

for the primary carer

PAID PARENTAL LEAVE

4 weeks

for the non-primary carer

EMPLOYMENT BY
REGION & GENDER

Our people *continued*

SAFETY AND WELLBEING

The safety, health, and wellness of our people, customers and communities remained our first priority during the financial year as we continued to manage and respond to the varying impacts of the global pandemic.

This people-focused approach underpinned by our refreshed HSE Thrive Strategy, has helped us to address the needs of our people and partners as we navigate uncertainty and begin to adapt to a post-COVID-19 world.

In FY21, the HSE team continued to lead our COVID-19 crisis response, managing risk assessments and ensuring open lines of communication with all stakeholders. As part of our detailed Mirvac Pandemic and Spread of Disease Guidelines, contact tracing methods were introduced early for all Mirvac assets as the team defined best practice risk responses for maintaining COVIDSafe environments. Ongoing risk assessments were performed to respond to ever-changing restrictions in different geographic locations. More broadly, the HSE team continued to develop and update Mirvac's risk management tools and act on supply chain issues identified by the risk profiling process.

The refreshed HSE Thrive Strategy for FY21 was designed to respond to the following trends, including:

- > the emerging mental health and wellbeing risks which were exacerbated by the pandemic;
- > strengthening and remaining vigilant in managing high risk activities;
- > enhancing the management of service providers and contractors to continuously improve safety outcomes;
- > strengthening our safety culture through our leaders and front-line roles; and
- > better leveraging data to assist with forecasting, predicting, and managing key risk areas.

FOCUS AREA: MENTAL HEALTH

In FY21, mental health was a focus area for HSE, with the team continuing to build on the work done in FY20 via a comprehensive Digital Health & Wellbeing program, including workshops and initiatives dedicated to supporting our people's mental and physical health. Central to this was the Mirvac Thrive Challenge, which was launched in September 2020 and ran for four months.

The Challenge was designed based on the knowledge that people have different needs when it comes to wellbeing. It allowed employees to choose and track via an online hub what was important to them, with topics such as self-care, relaxation, movement, nutrition and sleep habits. The Mirvac Thrive Challenge also delivered customised advice to employees every day about the health topics they nominated.

In addition, 250 headspace licences on top of the existing 500, were made available to Mirvac's employees and also extended to their immediate family members. Emotional wellbeing support sessions were held for all leader groups throughout the year. Guest speakers were invited to share insights and learnings for R U OK? DAY and Sleep Awareness Week, which were well received across the business. In FY21, the HSE team commenced a Black Dog Health & Wellbeing Audit, to give the business greater insights as to how we can better understand and manage the risks associated with the mental health challenges facing our people.

HSE STATISTICS IN FY21

Indicator

								
	HSE leader actions	Hours worked	LTIFR ¹	Timely reporting	Workers' Compensation claim count	Training	Fatalities	CIFR
FY19	200%	10,835,634	1.02	14hrs	20	93.0%	0	0.91
FY20	178%	9,126,799	2.08	19hrs	13	97.0%	0	0.63
FY21	222%	6,782,607	3.24 ✓	22hrs	10	96.0%	0 ✓	1.5
Target	100%	N/A	<2	<24hrs	N/A	98.0%	0	<1.5

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

DIGITISING FOR THE FUTURE

Mirvac's digital capability was enhanced during the year, with the launch of a new operating model and the addition of new resources, expanding capabilities to include data science, industrial IoT, robotic process automation and cloud native platform development.

An early example of the new Digital@Mirvac capability has been the delivery of our new customer application platform and its first features supporting our LIV Indigo residents. Developed from the ground up, working with our Hatch innovation team and customer-led design thinking methods, the new platform will be progressively deployed across our asset classes in FY22 and beyond as further features are added, delivering an exceptional new digital experience to complement the physical experience Mirvac offers.

Our transformation program 'Mirvac Next' continued its system standardisation work with the transition of corporate functions onto a new ERP platform. This program is now focused on optimising the processes and supporting systems across our investment, development and construction business activities.

Our digital operations have been kept busy throughout the year supporting the new hybrid work environment, and the impacts of pandemic-related business needs. Considerable investment is being made into our cyber security tools and supporting services to ensure the safety of our data and assets.

ACCELERATING INNOVATION

At Mirvac, we are committed to finding new and innovative ways to improve the experience for people who work, live, and play in our cities and urban areas. Our in-house innovation team, Hatch, drives the process of identifying and anticipating key challenges and opportunities for our business and ensuring that we continue to meet our customers' expectations now and into the future.

In FY21, the Hatch team took its mission to embed innovation at Mirvac to the next level. By empowering every employee with the tools to innovate in their day-to-day roles, our business will be well positioned to embrace opportunities and to execute on bold new pathways, in a post-pandemic world.



Left to right: James Crouch and Kristian Butcher launching BuildAI at Green Square, Sydney

During FY21, the Hatch team continued to lead a company-wide effort to understand the impacts of the pandemic and used its proven innovation methodology to coordinate more than 60 customer scans across the business.

In late 2020, the team launched the Hatch Innovation Capability Accelerator (HICA), an internal training school using best-practice innovation methodology to supercharge innovation capability and help solve existing business challenges. In the first intake, 50 people across eight teams worked on unlocking a range of business solutions, from new digital experiences to data harnessing and procurement opportunities.

GLOBALLY-RECOGNISED INNOVATION

In FY21, Mirvac was named the number one Most Innovative Company in the Property, Construction and Transport sector by AFR BOSS for the second year in a row. The award recognised Mirvac's 'BuildAI', initiative, which was born out of a Hatch mission to 'radically revolutionise the way we build'.

BuildAI is a game-changing digital platform that transforms live data into real-time safety, quality assurance and predictive project outcomes. Rather than manually monitoring the progression of a site, BuildAI uses technology and visual data from cameras to capture a real-time picture of progress, providing an accurate account of how site activities are tracking. The concept was tested on our construction sites, funded through Mirvac Ventures, and then spun out of Mirvac as an independent start up, completing the pathway to commercialisation.

Mirvac also won Best Project Innovation at the PCA Innovation and Excellence Awards and was globally ranked #7 and #49 respectively on Fast Company's Most Innovative Companies (Property and Real Estate) and Best Workplaces for Innovators lists for 2020.


 Named the
No. 1
 Most Innovative
 Company in the Property,
 Construction and Transport
 sector by AFR BOSS
 for the second year in a row

Risk management

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

The Board has charged management with the responsibility for managing risk across the Group and the implementation of mitigation strategies under the direction of the CEO & Managing Director and supported by other senior executives. Individual business units are responsible for identifying and managing their risks.

An enterprise-wide risk management system is in place to drive consistency in risk recording and reporting.

The Group Risk function is responsible for embedding the risk management framework, advising business units on risk management plans and consolidating risk reporting to senior executives, the Audit, Risk & Compliance Committee and ultimately the Board. A strong risk culture is the key element underpinning the risk management framework. In addition to managing the short-term impact of COVID-19 on the Group operations, work has commenced on positioning the Group for long-term success by proactively responding to structural shifts in consumer behaviours accelerated by COVID-19.

The Risk Management Policy is available on Mirvac's website: <http://www.mirvac.com/about/corporate-governance>

RISK MANAGEMENT: OUR PRINCIPAL RISKS AND OPPORTUNITIES

A number of the risks and opportunities Mirvac faces in delivering its strategic plan are set out in the below table. They are largely related to our portfolio of assets and are typical of a property group. These are not the only risks associated with Mirvac. The risks are grouped by theme rather than order of importance.

KEY RISKS AND OPPORTUNITIES

HOW WE'RE ADDRESSING THEM

PANDEMIC

Mirvac's operations have been impacted from the government-imposed restrictions on businesses in response to managing the COVID-19 pandemic

Mirvac maintains a robust balance sheet and a diversified debt portfolio with a long weighted average debt maturity. We continue to respond to the short-term impacts of the pandemic through prudent capital management and prioritising the health and wellbeing of our employees, customers and other stakeholders. The Group is actively working on understanding and addressing the long-term impacts of COVID-19 from an operational and strategic perspective.

INVESTMENT PERFORMANCE

Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.

Mirvac collaborates with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are based on due diligence and market research to ensure investor confidence is retained. Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders. We have a disciplined approach to acquisitions, and are mindful of the fundamentals needed to maintain growth through our sustainable and diversified urban-focused business model.

MACRO-ENVIRONMENT

Mirvac is impacted by changing domestic and international economic and macroprudential and regulatory measures, which impact access to capital, investor activity, and foreign investment

Mirvac monitors a wide range of economic, property market and capital market indicators as well as uses trend analysis to assess macro-economic changes, and is attentive to these shifts. We maintain a robust balance sheet and appropriate gearing to ensure we can respond to unforeseen economic shocks. The impact of COVID-19 on each of our sectors has been described in our divisional updates from page 16 to 29.

REPUTATION

In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.

Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust. We track trust and reputation through stakeholder research and are pleased to see strong results. We provide good earnings visibility, guidance and full disclosure to our securityholders so they can make informed choices.

SUPPLY CHAIN

With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.

Mirvac has well established process and oversight bodies to oversee key areas such as modern slavery, worker exploitation, material import risk, high-risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation.

PLANNING AND REGULATION

Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.

Mirvac takes the lead to have proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations. During the COVID-19 pandemic, we are proactively engaging with government and industry bodies to respond to emerging challenges.

KEY RISKS AND OPPORTUNITIES**HOW WE'RE ADDRESSING THEM****IMPACTS OF CLIMATE CHANGE**

Climate change can not only affect our assets, it can affect our business operations. It is vital that Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio and building resilience throughout the business.

Mirvac regularly assesses its portfolio for climate risk and resilience. We report under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and climate risk is emerging as a consideration in due diligence during the acquisition and development process. Mirvac strives to design developments and major renovations to a high standard for green building and community certifications, as well as energy and water performance ratings. In 2019 and 2020, Mirvac released its plans to reach net positive carbon and send zero waste to landfill to help investors and other stakeholders understand how we will meet our goals by 2030, and provide the metrics and milestones to track our progress. Renewable energy is an important part of achieving net positive carbon with the added benefit of energy price stability for our portfolio.

CAPITAL MANAGEMENT

Maintaining a diversified capital structure to support delivery of stable investor returns and maintain access to equity and debt funding.

Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain an investment-grade credit rating of A-/A3 to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.

HEALTH AND SAFETY

Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and critical to Mirvac's ongoing success.

We continue to pursue safety excellence and to improve the overall wellbeing of our employees, our suppliers, our community and the environment. During FY21, Mirvac continued to strengthen HSE practices and culture whilst recognising that the ongoing management and response to COVID-19 will continue for the foreseeable future. In addition, employee health and wellbeing was a key focus area which included the rollout of a Digital Health and Wellbeing program and regular pulse checks to understand employees' wellbeing issues and required actions. We also launched new Hybrid Flexible Working Principles to balance wellbeing and productivity needs, and partnered with Black Dog Institute to provide an evidence-based assessment of our approach to mental health and wellbeing and to understand additional focus areas where we can further strengthen our approach.

PEOPLE

We require a motivated, high-performing, and capable workforce to deliver business strategy and a desired culture.

Mirvac's People Strategy includes a range of initiatives designed to ensure we have the right culture and capabilities, so our people are engaged and enabled to deliver on our strategy. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace. Mirvac has been defining, measuring and curating its desired culture for some time. We have clearly defined values that align to our purpose to Reimagine Urban Life and we measure our leaders on whether they demonstrate supporting behaviours that underpin these values. We think it is critical that our people do the right thing, a core Mirvac value, and that we have an environment where people feel 'safe to speak up', which in addition to mitigating reputational and conduct risk, leads to better business outcomes. Mirvac's remuneration strategy is designed to attract the best talent, and motivate and retain individuals, while aligning to the interests of executives, securityholders and community expectations. Read more on Mirvac's people initiatives on page 30.

DIGITAL DISRUPTION

Technology is changing our world at a rapid pace. It is important we embrace new digital-enabled ways of working and customer experiences to maintain relevance and continue to innovate.

A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Some examples include:

- > continued exploration of new construction technology to drive better outcomes, including prefabricated components;
- > embraced technologies to further integrate sustainability across all business units, such as solar and battery systems, and smart building management systems;
- > an innovation program to ensure we continue to innovate in a meaningful way. Our in-house innovation team, Hatch, performs business and customer scans to understand and respond to disruptive technology; and
- > additional and sustained investment in people and technology to ensure Mirvac's digital experiences, both in terms of how we work as well as how we engage with our customers and partners, are continually evolving and embracing innovative new digital tools and thought leadership.

BUSINESS RESILIENCE

It is crucial we have the ability to manage a major incident causing physical or information disruption in a timely and efficient manner and adapt to changes in our operating markets.

Mirvac has an embedded operational resilience program which enables the business to effectively manage and continue business critical processes during a business impacting event. This includes cyber security threats and/or breaches to our information systems and/or damage to physical assets which could cause significant damage to our business and reputation. In addition, Mirvac has increasingly focused on adapting to changes in our operating markets. In FY21, we reorganised our business to respond to the changing needs of our customers and partners as well as generating value for our security holders. We launched the Integrated Investment Portfolio, a new division consolidating the capability of our Office, Industrial, Retail and Build to Rent teams and created a dedicated Commercial & Mixed Use division.

Sustainability

*Mirvac's sustainability strategy, **This Changes Everything**, sets out the way we approach our environmental, social and governance (ESG) risks and opportunities so that we can continue to deliver positive outcomes for our people, the planet, our partners and customers, and the communities in which we operate.*

Launched in 2014 and refreshed in 2018, the strategy has been firmly embedded in the business: from the night audits our teams undertake at our commercial assets to ensure our buildings are operating as efficiently as possible, to our partnerships with social enterprises and Indigenous businesses, or our focus on gender equity and culture – an ESG lens is applied to all that we do.

Through our strategy, we focus on six material issues that – following extensive consultation – we have identified as being the most relevant to our business and our stakeholders. These material issues are climate change, natural resources, our communities, social inclusion, our people and being a trusted partner.

In FY21, we continued to sharpen our focus and engage across the business to deliver against our targets. Key highlights included:

CLIMATE CHANGE

TARGET: NET POSITIVE CARBON BY 2030

- > reduced our carbon footprint by 80 per cent, with the majority of our office and retail assets now supplied by renewable electricity;
- > installed three 100kW solar PV systems across the industrial portfolio, helping to reduce our scope 3 emissions. Mirvac has installed approximately four megawatts on the roof space of our assets since FY15;

- > reduced our carbon intensity by 84 per cent since FY13;
- > engaged with Boral to use concrete with lower carbon content at 80 Ann Street, Brisbane; and
- > released our third report on our climate-related risks and opportunities, in line with the recommendations set out by the Task Force on Climate-related Financial Disclosure (TCFD). This report can be found at <https://www.mirvac.com/sustainability/our-performance>.

NATURAL RESOURCES

TARGETS: NET POSITIVE WATER AND ZERO WASTE TO LANDFILL BY 2030

- > agreed our plan to be net positive water by 2030, which will be released in FY22;
- > reduced our water intensity by 49 per cent since FY13;
- > diverted 69 per cent of operational waste from landfill and 95 per cent of construction waste; and
- > commenced a pilot project to halve our development waste, with our team at Willoughby in NSW finding innovative ways to reduce waste, cost and risks by harnessing methods of prefabrication.

OUR COMMUNITIES

TARGET: NET POSITIVE LEGACY

- > spent \$7 million in community investment; and
- > developed a snapshot of our social impact and contribution to the City of Sydney, which will inform our approach to measuring our impact into the future.

SOCIAL INCLUSION

TARGET: \$100M INVESTMENT IN SOCIAL SECTOR BY 2030

- > used our purchasing power for good by directing \$8 million of our procurement spend to social enterprise, Indigenous businesses, charities and B-corps, with approximately \$28 million spent in this way since FY18;
- > hosted our sixth annual National Community Day, with over 800 employees participating in activities that align with our local neighbourhoods; and
- > launched our second Reconciliation Action Plan (RAP), an Innovate RAP, which includes a commitment to the Uluru Statement from the Heart.



OUR PEOPLE

TARGET: HIGHLY ENGAGED, CAPABLE, AND DIVERSE WORKFORCE

- > maintained high employee engagement;
- > maintained 40:40:20 gender split in senior management roles;
- > refreshed our health and wellbeing strategy, Thrive, with a focus on mental health;
- > ranked number two in the world and number one in Australia and Asia Pacific in Equileap's Global Report on Gender Equality for the second year in a row; and
- > achieved an LTIFR of 3.24.

TRUSTED PARTNER

TARGET: MOST TRUSTED OWNER AND DEVELOPER

- > published our first [modern slavery-statement](#);
- > maintained an AAA rating from MSCI, reflecting our strong ESG governance;
- > received A+ for strategy and governance, and A+ for property in the 2020 Principles for Responsible Investment assessment; and
- > received the Board Leadership of the Year award at the Climate Alliance Leadership Awards in recognition of the Board's demonstrable commitment to managing the risks and opportunities of climate change across the Group, while taking a leadership role in climate response within the business community.

We align our targets with the following United Nations Sustainable Development Goals (UNSDG):



Further, our FY21 Annual Report serves as Mirvac's 2021 UNGC Communication on Progress, and provides an update on the actions and ways the Group has implemented and measured progress against the key areas of human rights, labour, environment and anti corruption.

“As a signatory to the ten principles of the UNGC, I am pleased to reaffirm Mirvac’s ongoing commitment.”

Susan Lloyd-Hurwitz, CEO & Managing Director

ENERGY, GHG, WATER, WASTE ¹

Emissions tCO2e	FY13	FY20 ²	FY21	FY21 Source data
Scope 1				
Natural gas	2,697	4,422	4,430	85,965GJ
Refrigerants	1,383	1,827	1,083	711kg
Diesel	2,333	1,017	701	258,572L
Petrol	646	112	97	40,874L
LPG	7	79	31	20,079L
Total Scope 1	7,066	7,458	6,342	
Scope 2				
Electricity (location based)	71,426	70,255	64,018	81,010,239kWh
Electricity (market based)		44,532	12,660	
Renewable electricity %		45%	84%	
Total Scope 1+2 (market based)		51,989	19,002	
Scope 3				
Natural gas	471	661	729	85,965GJ
Electricity	12,542	4,684	1,200	13,158,649kWh
Travel	2,812	1,465	121	773,946km
Waste	9,915	9,144	8,276	6,716T
Diesel	178	52	36	258,572L
Petrol	51	6	5	40,874L
LPG	1	5	2	20,079L
Total Scope 3	25,970	16,016	10,369	
Total Scope 1+2+3 (location based)	104,462	93,642	80,729	
Total Scope 1+2+3 (market based)		68,005	29,371	
Potable water usage				
Retail	492,216	468,170	406,320	
Office & Industrial	349,597	436,614	295,338	
Total (kL)	841,813	904,784	701,658	
Total waste				
Construction	35,565	14,387	8,780	
Investment	12,833	23,939	20,230	
Total	48,398	38,326	29,009	
Construction			95%	5%
			Recycled	Landfill
Investment			69%	31%
			Recycled	Landfill

1. Emissions estimates follow NGERS emissions accounting requirements except for refrigerants; Mirvac includes emissions related to R22 use. FY21 energy and emissions includes part-year operation of Build To Rent assets. Limited assurance has been provided by PricewaterhouseCoopers. Totals may differ due to rounding.
2. FY20 scope 2 location-based emissions have been restated to include part-year operation of The Foundry at South Eveleigh. Water usage has been restated to rectify an error.



Sustainability *continued*

ENERGY

REDUCING OUR CARBON FOOTPRINT FURTHER

In 2014, Mirvac set its industry leading target to be net positive carbon by 2030 and we released our plan on how we expect to achieve this in 2019.

This plan, *Planet Positive: Carbon*, hinges on our commitment to **eliminate more carbon than we emit**, and over the past two years we've made tremendous strides towards achieving this, with our overall carbon footprint reducing by 80 per cent as of 1 January this year.

A key element in our approach has been our swift transition to renewable electricity at our retail and office assets¹ across NSW, VIC, QLD, WA and ACT through a series of energy supply agreements.

These agreements have seen our entire retail and build to rent portfolios supplied with 100 per cent renewable electricity, along with over 90 per cent of our office portfolio, delivering significant savings in carbon emissions. In fact, we expect to eliminate approximately 60,000 tonnes of carbon emissions in 2021 alone, which is equivalent to taking more than 27,000 cars off the road.

As an added benefit, our transition to renewable electricity delivers a reduction in our scope 3 emissions, which is an increasing area of focus for our investors. We've also been able to on-sell renewable energy to a number of tenants within our embedded networks, resulting in approximately 50,000 tonnes of avoided emissions over a 12-month period.

It's a great step towards our net positive ambition and demonstrates our ongoing commitment to the RE100 program².

“We're proud to have reduced our carbon footprint by 80 per cent by transitioning to renewable electricity, which shows the significant impact we can have as a business when we're all facing in the same direction.”

Sarah Clarke, Group General Manager, Sustainability.



MIRVAC'S CLIMATE-RELATED RISKS AND OPPORTUNITIES

At Mirvac, we recognise the growing importance for companies such as ours to disclose the climate-related risks and opportunities they face, as well as the way they intend to manage or mitigate these.

In line with the recommendations set out by the Task Force on Climate-related Financial Disclosures, we this year released our third climate resilience report, which outlines the ways in which Mirvac is continuing to reduce its impact, and the actions we've taken, and continue to take, to achieve net positive carbon by 2030.

In addition, the report outlines the physical and transition risks and opportunities we face, how we manage these risks across the business, and the metrics we use to assess our impact.

The full report can be downloaded **here** and is available on our website at:

<http://sustainability.mirvac.com/>.

1. Our energy supply agreements focus on assets over which we have operational control.

2. RE100 is a global initiative of influential businesses committed to 100 per cent renewable energy, which has over 300 members worldwide.

Image: South Eveleigh, Sydney.





Willoughby, Sydney

WASTE

PROGRESSING OUR ZERO WASTE AMBITION

Mirvac's Planet Positive: Waste & Materials outlines how we'll send zero waste to landfill by 2030. Under this plan, we set two ancillary targets that we believe will deliver our biggest impacts and really help us move the dial. These are:

1. to buy more recycled, recyclable and rapidly renewable content; and
2. to halve our development waste.

To explore how the latter could be achieved in the most practical and commercially efficient way, we commenced a waste pilot at our Willoughby apartment project in Sydney in FY21, where demolition and civil works continue to progress.

Early modelling showed that, on a like-for-like basis, approximately 10 tonnes of waste would be generated for each apartment built. In order to halve this, the team has started to look across the full spectrum of our integrated model to identify opportunities where we can leverage Mirvac's design, procurement and construction efficiencies.

With 10 apartment buildings planned across the old Channel 9 site, each one with a unique façade, halving our waste at Willoughby is proving to be very challenging. However, it's also expected that this first pilot will help us to identify the cost and risk benefits available through this approach, deliver important lessons, and in turn, ensure that we continue to deliver significant outcomes for our customers and securityholders.

MAKING MOVES WITH MODULAR

As well as exploring how we'll halve our development waste, we've been busy progressing the use of prefabrication at our masterplanned communities projects. At Woodlea in Victoria, for example, we've installed 52 modular bathrooms across three stages of the project, which has reduced the number of contractors and suppliers onsite. This, in turn, has provided considerable health and safety benefits, in addition to a significant reduction in construction hours. And, as an added bonus, it supports our efforts to divert waste from landfill.

The installation of modular bathrooms follows our trial at Tullamore in FY20, where we built four houses using traditional construction methods and four identical homes using prefabricated wall and floor panels. Given the significant benefits that modular installations and prefabrication techniques provide, it's something that Mirvac is continuing to explore.

BECOMING BIN TRIM

In FY21, Mirvac successfully applied for funding from the NSW Government's Environment Protection Authority (EPA) to participate in their Bin Trim program at our retail centres across NSW. The Bin Trim program is the largest business recycling program of its type in Australia, with an overarching aim of helping businesses improve the standard of their waste management practices, including better avoidance, reuse and recycling activities.

Working with independent consultants, Mirvac engaged with almost 350 retail tenants over the course of the program, with a key focus on diverting organics from landfill. Bin Trim assessors provided support, advice and a tailored action plan to each tenancy, and face-to-face interactions led to positive and almost immediate changes in tenancy behaviour around the disposal of different materials.

As well as helping us to divert waste and enhance organics waste streams at our assets, the ongoing tenant education and engagement with our retailers around waste and waste management systems, facilitated by Bin Trim, has been invaluable.



Since 2014

Bin Trim has assisted businesses in NSW to collectively divert a total of over

125,000

tonnes of waste from landfill

Sustainability *continued*

Shared Cup Café at Olivine, Melbourne

WATER

PLANET POSITIVE WATER

When Mirvac first released *This Changes Everything* in 2014, it had three ambitious environmental targets – to be net positive in carbon and water and send zero waste to landfill by 2030. These targets were reaffirmed in 2018 as part of a strategy review, and, given the urgent need to act on climate change (as well as a stronger pricing signal on carbon), we decided to focus on our plan to be net positive carbon first. In 2019, we released Planet Positive: Carbon, followed by Planet Positive: Waste & Materials in 2020. The final chapter of our environmental plans, Planet Positive: Water, was our strategic focus during the financial year, which we will publish later this year.

As with carbon, our plan to be net positive water by 2030 is anchored by a continued focus on improving efficiency at our assets, and we are targeting an average 4.5 star NABERS Water rating across the office portfolio by 2030. Residual water use will be offset by the water captured across our assets and in our masterplanned communities projects, where we will continue to innovate to deliver water reductions.

And, just like our carbon and waste plans, we'll also look at how we can use our purchasing power for good and procure materials that have a lower environmental impact. For example, we anticipate that through our renewable energy procurement alone, we'll save approximately 353,500kL of water in FY21 (combining base building and on-sold electricity), given the much more significant use of water in coal-fired power generation. As we move towards full electrification in both commercial and residential developments, our capacity to influence positive outcomes only grows.

We also see an opportunity to advocate and collaborate with our employees, partners, industry and customers to advance the value of water more broadly.

BUILDING STRONG BONDS

Mirvac has a community goal to leave a positive legacy and we do this by building strong bonds. Building strong bonds helps us to strengthen community connections, and after almost 50 years in the business, we know that connected communities are better places to live, work and play.

We help to build strong physical bonds by leveraging our skills and expertise, and by partnering with others in our industry, to create safe spaces for those who are vulnerable (such as the house we built with the Property Industry Foundation to support young people experiencing homelessness). We also help to create strong social bonds by hosting events that strengthen connections, building amenities for the wider community, not just our customers, and by volunteering in our local communities.

In FY21, and against a backdrop of COVID-19, we continued to show great care for our communities. We did this through a number of initiatives, such as Shelter@Mircac (see page 20) and our annual Mirvac National Community Day, which once again saw over 800 of our employees volunteer their time to participate in a range of activities, delivering more than \$600,000 in community investment in the process. We also donated \$150,000 to the recovery efforts following the devastating floods in March which left many parts of NSW and QLD under water for days.

Investing in our communities by going above and beyond what's required also helps us to ensure we facilitate a sense of belonging. At Olivine in Melbourne, for example, we provided additional works to create a first-class sporting precinct for the community to use, as well as Gumnut Park, which features an adventure playground and climbing pods, and was designed to inspire adventure, exploration and discovery – in both the young and old. In addition to this, we contributed funding towards Shared Cup café, which is a communal space to be enjoyed by the wider Donnybrook community.

Our ambition to have a positive social impact also extends to creating opportunities for those who don't always get them, and one of the key ways we're able to do this at Mirvac is by using our purchasing power for good. In FY21, we continued to progress our goal of directing \$100m towards social enterprise, Indigenous business and B-corps, with \$8m spent with businesses such as Unreal Steel, an Indigenous-owned steel rigging and fabrication business, and Nundah Community Enterprise Co-operative, which creates employment and training opportunities for people with disabilities. To date, we've directed \$28m towards social procurement since setting the target in FY18.

Finally, having long recognised the value of measuring our social impact so that we can better understand what the drivers are to deliver better community outcomes, this year we developed a snapshot study of our positive impact on the City of Sydney. The study will be used to inform our approach to measuring our social impact into the future.

ENRICHING COMMUNITIES



\$6,969,555

of community investment (including \$695,539 of management costs)



\$5,546,829

cash donations



\$563,062

value of hours of support



\$164,125

in-kind donations



\$201,445

leverage contributions





'Reimagining Country' by Riki Salam (Mualgal, Kaurareg, Kuku Yalanji), We are 27 Creative, 2021.

THE NEXT STEP OF OUR RECONCILIATION JOURNEY

Mirvac launched its first Reconciliation Action Plan (RAP) in 2017, with a goal to build stronger relationships with First Nations peoples, learn about and understand their unique cultures and connection to Country, and create greater economic opportunities (such as employment through social procurement).

Since closing out our first RAP in 2019, we have engaged deeply across the business, with external stakeholders and with Reconciliation Australia, with a strong focus on making the second iteration of our RAP more meaningful.

Our second Innovate RAP has been developed with five guiding principles that we hope will stimulate new and important conversations, connect cultures, and accelerate wider change in Australia. Our driving principles are: understanding, talent and employment, economic partnership, respectful development and spaces for connection. Our aim is to deeply embed these principles within our organisation and the way we work.

We also recognise that much healing and progress must occur in Australia before the aspirations set out in our RAP are realised, and that we are only at the beginning of understanding our opportunities and limitations in contributing to their achievement.

What we've achieved since launching our first RAP:

- > spent \$11.5m on goods and services from Aboriginal and Torres Strait Islander businesses since FY18.
- > created collaborative working relationships with Aboriginal and Torres Strait Islander businesses, such as our partnership with Jiwah at South Eveleigh, Sydney. Jiwah is responsible for the curation and management of the site's cultural landscape garden and Australia's first Indigenous rooftop garden atop the Community Building.
- > built strong procurement partnerships with large suppliers such as Unreal Steel and helped build internal awareness about some of our smaller suppliers.
- > raised awareness of the cultures of Aboriginal and Torres Strait Islander peoples through events during NAIDOC and National Reconciliation weeks and through widespread cultural awareness training with our employees.

OUR MODERN SLAVERY STATEMENT

In December last year, Mirvac released its first comprehensive modern slavery statement, outlining our approach to identifying modern slavery in our operations and supply chain. Primarily, we recognise that we have a responsibility to effect change through the choices we make through our procurement practices. Our FY20 Modern Slavery Statement included an independently peer-reviewed traceability study into our cleaning supply chain, which was identified as a key risk area for Mirvac.

Since then we have been developing processes and accountabilities to implement our risk identification and mitigation approach right through the company. Importantly, we are stepping up our capability with compulsory training modules for all employees to complete over the next financial year, as well as specific modules for employees in higher risk areas. In addition to this, we're reviewing our tender process for each of our business units and have created an internal Modern Slavery Guideline document to assist in how we respond to potential modern slavery situations. Further, we continue to support the Property Council of Australia's industry-led vendor self-assessment portal, as well as the Supply Chain Sustainability School, who provide free online training on a range of sustainability topics, including modern slavery.

We also collaborate with members of the Property Council of Australia and the United Nations Community of Practice on Modern Slavery by sharing insights and participating in ongoing discussions on topics like grievance mechanisms and remediation.

The statement is available to download from our website at: <https://www.mirvac.com/sustainability/our-performance>.

Developed our
2nd
Innovate RAP

Governance

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Board of Directors

DIRECTORS' EXPERIENCE AND AREAS OF SPECIAL RESPONSIBILITY

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



Dr John Mulcahy

PHD (Civil Engineering), FIEAUST, MAICD

Independent Non-Executive Chair

- > Chair of the Nomination Committee
- > Member of the Audit, Risk and Compliance Committee
- > Member of the Human Resources Committee
- > Member of the Health, Safety, Environment & Sustainability Committee

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

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

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



Susan Lloyd-Hurwitz

BA (Hons), MBA (Dist)

Chief Executive Officer & Managing Director (CEO/MD) – Executive

Susan Lloyd-Hurwitz was appointed Chief Executive Officer & Managing Director of Mirvac in August 2012 and an Executive Director in November 2012.

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

Susan has been involved in the real estate industry for over 29 years, with extensive experience in investment management in both the direct and indirect markets, development, mergers and acquisitions, disposals, research and business strategy.

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

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



Christine Bartlett

BSC, MAICD

Independent Non-Executive

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

Christine Bartlett was appointed a Non-Executive Director of Mirvac in December 2014. She is currently a Director of Reliance Worldwide Corporation Limited (appointed November 2019), Sigma Healthcare Limited (appointed March 2016) and TAL Life Limited (appointed January 2017).

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

Christine is a former Director of iCare (February 2018 to February 2021), GBST Holdings Ltd (June 2015 to November 2019) and Director and Chair of The Smith Family.

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

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



Jane Hewitt

BAS (Land Economics), MAICD

Independent Non-Executive

- > Member of the Audit, Risk and Compliance Committee
- > Member of the Health, Safety, Environment & Sustainability Committee

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

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

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



James M. Millar AM
BCOM, FCA, FAICD

Independent Non-Executive

- > Chair of the Audit, Risk and Compliance Committee
- > Member of the Nomination Committee

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

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

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

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



Samantha Mostyn AO
B.A, LLB

Independent Non-Executive

- > Member of the Human Resources Committee
- > Member of the Nomination Committee
- > Member of the Health, Safety, Environment & Sustainability Committee

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

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

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



Peter Nash
BCOM, FCA, F FIN

Independent Non-Executive

- > Member of the Audit, Risk and Compliance Committee
- > Member of the Health, Safety, Environment & Sustainability Committee

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

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

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



Robert Sindel
BENG, MBA, FIEAUST, GAICD

Independent Non-Executive

- > Chair of the Health, Safety, Environment & Sustainability Committee
- > Member of the Human Resources Committee

Robert Sindel was appointed a Non-Executive Director of Mirvac in September 2020. He has 30 years of experience in the construction industry both in Australia and the United Kingdom as well as experience operating in high-risk industries. Most recently, Robert has held roles in senior executive management and leadership, in the building industry supply chain, manufacturing, sales and marketing in business-to-business environments and strategic management.

Robert is currently the Chair of Orora Limited (appointed February 2020), a Non-Executive Director of Boral Limited (appointed September 2020) and is a Member of Australian Business Community Network Foundation (appointed April 2020) and the Yalari NSW Advisory Committee (appointed August 2017).

Robert is the former Managing Director and Chief Executive Officer of CSR Limited (January 2011 to September 2019), a former Member of UNSW Australian School of Business Advisory Council and a former Director of Green Building Council of Australia.

COMPANY SECRETARY

Michelle Favelle
BBUS, FGIA

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

Directors' report

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group (Mircac or Group) for the year ended 30 June 2021. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities.

PRINCIPAL ACTIVITIES

The principal continuing activities of Mirvac consist of real estate investment, development, third-party capital management and property asset management across three major segments: Integrated Investment Portfolio, Commercial & Mixed Use and Residential.

DIRECTORS

The Directors of Mirvac in office at any time during the financial year and up to the date of this report together with information on their qualifications and experience are set out on pages 46 to 47. The number of board and board committee meetings held and attended by Directors of which they were members during the year ended 30 June 2021 is detailed below.

REMUNERATION REPORT

The Remuneration report as required under section 300A (1) of the *Corporations Act 2001* is set out on pages 56 to 77 and forms part of the Directors' report.

MEETINGS OF DIRECTORS

The number of Directors' meetings held and attended by each Director during the year ended 30 June 2021 is detailed below:

Director	Board		Audit, Risk & Compliance Committee ¹		Human Resources Committee ¹		Nomination Committee ¹		Health, Safety and Environment & Sustainability Committee ^{1,2}	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Mulcahy	15	15	7	7	5	5	3	3	—	—
Susan Lloyd- Hurwitz	15	15	—	—	—	—	—	—	—	—
Christine Bartlett	15	14	7	7	5	5	2	2	—	—
Jane Hewitt	15	15	7	7	—	—	—	—	—	—
Peter Hawkins ³	8	8	3	3	2	2	1	1	—	—
James M. Millar AM	15	15	7	7	—	—	3	3	—	—
Samantha Mostyn AO	15	15	—	—	5	5	3	3	—	—
Peter Nash	15	14	7	7	—	—	—	—	—	—
Robert Sindel ⁴	10	9	—	—	4	4	—	—	—	—

1. Voluntary attendances at meetings by Directors who were not committee members are not included.

2. The Committee was established in April 2021 and no meetings were held during FY21.

3. Peter Hawkins ceased to be a Director effective 19 November 2020.

4. Robert Sindel was appointed as a Director on 1 September 2020.

OTHER DIRECTORSHIPS

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2021 are as follows:

Director	Company	Date appointed	Date ceased
John Mulcahy	ALS Limited (formerly Campbell Brothers Limited)	February 2012	Current
	GWA Group Limited	November 2010	Current
Susan Lloyd-Hurwitz	Nil		
Christine Bartlett	GBST Holdings Ltd	June 2015	November 2019
	Reliance Worldwide Corporation Limited	November 2019	Current
	Sigma Healthcare Limited	March 2016	Current
Jane Hewitt	Nil		
Peter Hawkins ¹	Westpac Banking Corporation	December 2008	December 2018
James M. Millar AM	Fairfax Media Limited	July 2012	December 2018
	Macquarie Media Limited	April 2015	December 2019
Samantha Mostyn AO	Transurban Holdings Limited	December 2010	Current
	Virgin Australia Holdings Limited	September 2010	May 2019
Peter Nash	ASX Limited	June 2019	Current
	Johns Lyng Group Limited	October 2017	Current
	Westpac Banking Corporation	March 2019	Current
Robert Sindel ²	Boral Limited	September 2020	Current
	Orora Limited	March 2019	Current

1. Peter Hawkins ceased to be a Director effective 19 November 2020.

2. Robert Sindel was appointed as a Director on 1 September 2020.

REVIEW OF OPERATIONS AND ACTIVITIES

CHANGES TO THE GROUP OPERATING MODEL

In a time of accelerating disruption, we are increasingly focused on adapting to changes in our operating markets. In FY21, we took the bold step of reorganising our business, so we can continue to respond to the changing needs of our customers and partners, as well as generating value for our securityholders.

We launched the Integrated Investment Portfolio (IIP), a new division consolidating the award-winning capabilities of our Office, Industrial, Retail and Build to Rent teams, to be led by Campbell Hanan. We also created a dedicated Commercial & Mixed Use division under the leadership of Simon Healy, as Group General Manager, Commercial & Mixed Use, within the portfolio of Brett Draffen as Chief Investment Officer.

These changes are designed to unlock synergies and efficiencies across our operations and enhance our already considerable mixed-use asset creation capability, enabling us to take on complex, large scale urban renewal projects. The new operating model was introduced in October 2020, and the new segment structure has been adopted for the FY21 results.

FY21 RESULTS AND PERFORMANCE SUMMARY

Mirvac showed resilience and took positive steps towards recovery from the pandemic in FY21. Despite the ongoing impacts of the pandemic, causing uncertainty and creating challenging conditions across our operating markets, the Group delivered a strong performance for the full year ended 30 June 2021, with statutory profit up 61 per cent to \$901m and an EPS of 14.0 cents per stapled security, exceeding earnings guidance of greater than 13.7 cents per stapled security.

This robust set of financial metrics was driven by:

- > growth in Integrated Investment Portfolio NOI following newly completed office asset developments;
- > strong Integrated Investment Portfolio cash collections and lower COVID-19 rental relief;
- > solid office and industrial investment property revaluation gains;
- > strong valuation gains generated from our retained ownership interest in completed developments, recognising the value created from our development activities at the Locomotive Workshop, South Eveleigh, Sydney and Olderfleet, 477 Collins Street, Melbourne;
- > development profits recognised from Olderfleet, 477 Collins Street, Melbourne, South Eveleigh, Sydney and 80 Ann Street, Brisbane developments;
- > accelerating momentum in the Residential business with strong settlements (2,526 lots) and sales (3,375) achieved ahead of expectations;
- > our robust balance sheet providing stability and creating optionality to make strategic, value accretive investments in line with our urban strategy; and
- > our maintained focus on our urban strategy and our purpose, to *Reimagine Urban Life*, which underpin the engagement and productivity of our people and inspire us to embrace innovation to address environmental and social challenges and drive positive change.

FINANCIAL PERFORMANCE

	FY21 \$m	FY20 \$m	Movement \$m
Investment EBIT	576	545	31
Development EBIT	201	295	(94)
Commercial & Mixed Use	33	70	(37)
Residential	168	225	(57)
Segment EBIT	777	840	(63)
Unallocated overheads	(73)	(44)	(29)
Group operating EBIT	704	796	(92)
Operating profit after tax	550	602	(52)
Development revaluation gain	121	64	57
Investment property revaluation	274	(50)	324
Other non-operating items	(44)	(58)	14
Statutory profit	901	558	343

CASHFLOW

	FY21 \$m	FY20 \$m	Movement \$m
Operating cash flow	635	450	185
Investing cash flow	(509)	(458)	(51)
Financing cash flow	(333)	198	(531)
Total net cash flow	(207)	190	(397)

KEY PERFORMANCE METRICS

	FY21	FY20	Movement
EPS (cpss)	14.0	15.3	(1.3)
DPS (cpss)	9.9	9.1	0.8
ROIC (%)	7.2	5.2	2.0
Net Tangible Assets (\$ per security)	2.67	2.54	0.13

GROUP CASHFLOW

The Group's operating cash flow of \$635m was up \$185m, or 41 per cent on FY20, driven by final fund through receipts following capitalisation of Olderfleet, 477 Collins St, Melbourne, lower development spend and stronger cash collection from the investment portfolio.

Investing cash outflows have increased from the previous year by \$51m. The level of expenditure on investment properties is consistent with FY20, however in FY20 capital and loans were repaid from the St Leonards Square joint venture following the settlement of most of the apartments.

Financing cash outflows were \$333m in FY21 compared to cash inflows of \$198m in the prior year. This resulted in a \$531m higher net cash outflow in FY21, largely driven by FY20 benefiting from higher cash inflows from a \$627m increase in net borrowings compared to FY21 where repayment of borrowings increased by \$40m. Distributions paid in FY21 were \$179m lower than FY20 given the impacts of COVID-19.

Directors' report

Continued

REVIEW OF OPERATIONS AND ACTIVITIES continued

GROUP OUTLOOK¹

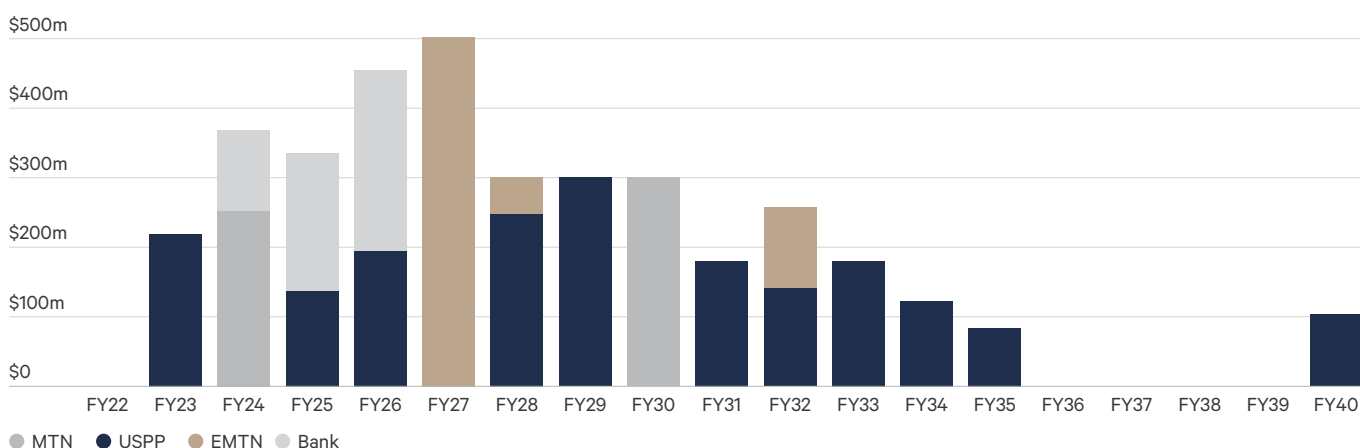
Mirvac was well placed going into the pandemic, with a strong balance sheet and elevated liquidity which provided sufficient capacity and resilience through FY21. Our solid earnings profile, extended total development pipeline of approximately \$28bn² and a steady stream of passive income generated by our high quality, low capital expenditure investment portfolio, means that the Group is well positioned with good visibility going into FY22, despite the continued disruption and challenges across our operating markets caused by the pandemic and related restrictions.

Notwithstanding the continued impacts of the global pandemic, the strong momentum experienced across all parts of Mirvac during FY21 is expected to continue into FY22. The high level of cash collection across our investment portfolio experienced in FY21 is expected to remain elevated subject to further ongoing pandemic-related lockdown measures. Additionally, buoyant residential market conditions are likely to continue to drive sales for our Residential business, which has \$1.2bn of pre-sales and a record number of conditional deposits on hand.

As our commercial and mixed use development pipeline is activated and delivered over the medium term, the Group's capital allocation to non-core, older office and retail assets will reduce, with a greater shift towards modern mixed use precincts, industrial and build to rent.

Funding of our future development pipeline is expected to see a greater amount of third party capital under management, supplementing our balance sheet funding commitments. In the medium term, third party capital under management is expected to increase from approximately \$10bn at 30 June 2021.

DRAWN DEBT MATURITIES AS AT 30 JUNE 2021



GROUP RISK MANAGEMENT

As a property group involved in property investment, residential and commercial development and investment management, Mirvac faces a range of risks throughout the business cycle which have the potential to affect the achievement of our targeted financial outcomes. Our risk management framework is integrated with our day-to-day business processes and is supported by a dedicated Group Risk function.

CAPITAL MANAGEMENT

A continued focus on prudent capital management has enabled Mirvac to manage the volatility caused by the global pandemic and ensure sufficient financial headroom and flexibility to allow the Group to capitalise on improving market and business conditions. This same focus on capital management will continue into FY22 and beyond, with key features including:

- > well diversified maturity profile which has delivered a weighted average debt maturity of 6.6 years with no debt facilities due for repayment in FY22;
- > maintaining our existing Moody's A3 and Fitch A- credit ratings;
- > maintaining adequate liquidity through cash and undrawn debt facilities, which combined total \$867m as at 30 June 2021;
- > headline gearing within our preferred range of 20-30 per cent. In FY22, this is expected to be near the mid-point of this preferred range; and
- > maintaining a competitive cost of debt, which is expected to reduce from 3.4 per cent in FY21 as Mirvac's debt and hedging profile changes.

	FY21	FY20	Movement
Gearing (%)	22.8	22.8	—
Liquidity (\$m)	867	1,443	(576)
Weighted average debt maturity (years)	6.6	6.7	(0.1)
Net debt (\$m)	3,582	3,415	167
Average borrowing rate (% per annum as at June 30)	3.4	4.0	(0.6)
Credit rating (Fitch Ratings Moody's Investor Service)	A-/A3	A-/A3	—

1. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, but are subject to external factors and the uncertain environment caused by the global pandemic.

2. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

INTEGRATED INVESTMENT PORTFOLIO

In FY21, our investment portfolio delivered EBIT of \$576m, a 6 per cent increase compared to FY20. This result was driven by Integrated Investment Portfolio NOI growth from newly completed office asset developments, improved cash collections and lower COVID-19 rental relief, particularly in Retail, and offset by lower NOI from the Tucker Box JV (Travelodge Hotels), which was significantly impacted by COVID-19.

A higher EBIT contribution from asset and funds management was due to increased fee income from managed assets. Management and administration expenses were lower as a result of efficiencies gained through the restructure.

Substantial improvement in Investment Property valuations during FY21 was driven by a 3.8 per cent uplift in Office valuations, a 131 per cent uplift in Industrial valuations with both Retail and Build to Rent valuations down slightly. A highlight for our Retail business during the year was the agreement to sell Cherrybrook Village, Sydney at a 43 per cent premium to book value with settlement expected to occur in FY22.

Two key events took place post balance date:

- > Mirvac contracted to acquire a 50 per cent interest in The EY Centre, 200 George Street, Sydney and contracted to sell a 49.9 per cent interest in this asset to an aligned capital partner (with Mirvac retaining a 50.1 per cent interest) resulting in a 11 per cent valuation uplift being recognised by the Group with respect to our interest; and
- > Mirvac, together with our joint venture owner of the Tucker Box Hotel Group (Travelodge), exchanged contracts to sell the portfolio of hotels for a headline price of \$620m (before transaction costs and adjustments) reflecting a premium of 19 per cent to the JVs 31 December 2020 carrying value.

	FY21 \$m	FY20 \$m	Movement \$m
Integrated Investment Portfolio NOI	581	554	27
Office	366	348	18
Industrial	56	54	2
Retail	157	142	15
Build to Rent & Other ¹	2	10	(8)
Assets & funds management EBIT	30	28	2
Management & administration expenses	(35)	(37)	2
Investment EBIT	576	545	31
Investment property revaluation²	274	(50)	324
Investment portfolio value³	12,379	11,585	794

INTEGRATED INVESTMENT PORTFOLIO OUTLOOK⁴

The outlook for our investment portfolio is strong, supported by high quality assets, in the most preferred markets and supported by strong tenant covenants to provide stable and visible cash flows.

Office

After a year of weak tenant demand⁵, major office markets including Sydney and Melbourne CBDs recorded stable net absorption by year end, in line with sharply improved business sentiment⁶. While elevated incentives are likely to be a feature for some time, vacancy in most markets is expected to begin declining through FY23 as supply reduces and demand improves again. However, our high quality, modern and efficient office portfolio benefits from low vacancy, low exposure to small tenants, long WALE and low capex requirements. These attributes have provided resilience throughout the pandemic and continue to differentiate the portfolio as both tenant and investor demand grows for modern, flexible, technology-enabled, sustainable workplaces that are fit for purpose in a post-pandemic world.

The Locomotive Workshop, South Eveleigh, Sydney will enter the portfolio in the first half of FY22, and 80 Ann Street, Brisbane will follow in the second half. These developments respectively are 97 per cent and 81 per cent pre-committed⁷ and will drive NOI growth, providing a boost to performance of the portfolio. 55 Pitt Street, Sydney has progressed along its development pipeline, and together with Waterloo Metro Quarter, Sydney, the next wave of office precincts is beginning to take shape. These landmark pipeline projects provide assurance of the Office portfolio's ability to continue to generate passive returns and drive significant value for the Group into the future.

Industrial

As one of the few beneficiaries of the global pandemic, industrial property has received a boost from a number of tailwinds including accelerating e-commerce, a rising housing construction cycle and wide-scale supply chain investment⁸. Our Industrial portfolio benefits from a 100 per cent Sydney exposure and proximity to infrastructure. It includes assets which are widely viewed as market leading prime logistics facilities. Our Industrial portfolio has zero vacancy, long WALE and low capital expenditure, and is well placed to capitalise on the heightened demand for institutional quality logistics facilities in strategic locations with proximity to transport connections.

Sydney industrial vacancy rates tightened throughout FY21 and this is expected to continue through FY22 particularly as COVID-19 restrictions ease⁹. While tailwinds such as e-commerce are an incremental driver of industrial floor space demand, the pandemic is also expected to see an acceleration of demand requirements towards modern, highly efficient logistics spaces in strategic locations¹⁰. Our portfolio remains well positioned due to its long WALE, high composition of listed and multi-national tenants, limited short-term expiry risk (<4 per cent) and modern, well-located assets.

We are actively advancing our \$2bn¹¹ industrial development pipeline in core locations which are set to benefit from committed infrastructure projects. This will enable us to capitalise on demand for brand new, high quality industrial assets from our customers as they seek to establish more efficient logistics solutions for their businesses, such as automation.

1. Other includes Tucker Box JV.

2. Excludes development revaluation gain and includes Mirvac's share in the JVA revaluation of investment properties which is included within Share of net profit of joint ventures and associates.

3. Includes IPUC and assets classified as held for sale and excludes AASB 16 lease liability gross up amounts.

4. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, but are subject to external factors and the uncertain environment caused by the global pandemic.

5. JLL REIS June 2020.

6. Source: NAB Monthly Business Survey, <https://business.nab.com.au/monthly-business-survey-june-2021-2-47997/>

7. Includes non-binding Heads of Agreement

8. JLL REIS June 2020, Asia Pacific logistics and industrial investment poised to double within five years, JLL, 13 July 2021, <https://www.jll.com.au/en/newsroom/pacific-logistics-and-industrial-investment-poised-to-double-within-five-years>

9. SA1 Property, Mirvac Research.

10. UBS, Australian Real Estate Sector Update – Looking into 2021, 19 January 2021.

11. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

Directors' report

Continued

REVIEW OF OPERATIONS AND ACTIVITIES continued

Retail

The impacts of the global pandemic continue to play out across the retail sector and the impact on our retail assets has varied during the financial year. Generally, strong pent-up demand was evident once restrictions eased in assets with strong localised catchments, whilst out of trade area and CBD assets continued to experience the impacts of lower than normal tourist, worker and student populations.

The outlook for the retail sector remains challenging as we move into FY22, with pandemic impacts continuing to cause disruption and uncertainty. However, as Australian vaccination rates increase and restrictions ease, we expect increased mobility, an improvement in consumer confidence and pent-up demand from elevated household savings rates, to improve our operating performance.

While CBD, tourism and student catchments will take time to recover, well located assets within dense and growing catchments are likely to attract quality retailers and businesses.

Build to Rent

Mirvac is one of the pioneers of the build to rent sector in Australia. During FY21, the NSW Government and the Victorian Government implemented policies to help establish build to rent, following years of strong advocacy from our team but more policy change is needed for the sector to continue to grow. With our first build to rent property, LIV Indigo, Sydney Olympic Park, now fully operational, we continued to refine the customer proposition throughout the financial year and utilise learnings to inform our future projects as we continue to extend and progress our pipeline.

The outlook for the nascent build to rent sector remains positive in the long term, albeit COVID-19 related impacts such as lockdowns and border restrictions will weigh on the inner-urban locations of Sydney and Melbourne in the near-term. However, the past year has shown that as restrictions ease and hours worked rises, there have been corresponding changes in higher rental absorption and tightening vacancy in all markets¹. As vaccination rates accelerate in 1H22 and prospects of future lockdowns become reduced, the lift in economic activity and jobs growth are likely to see growth in rental households upgrading to more quality spaces.

Our secured pipeline of build to rent projects is forecast to complete between FY23 to FY25, when market conditions are likely to improve with higher economic activity, a staged reopening of borders and increased population growth, while apartment supply is expected to be sharply reducing.

Investment demand for the build to rent sector has continued to grow globally with investment surveys pointing to higher allocations of capital towards the sector². While domestic taxation settings remain challenging for global institutional investors to invest in Australian build to rent assets relative to other regional markets, several new domestic and foreign market participants continue to increase the future build to rent pipeline in Australia³.

COMMERCIAL & MIXED USE

Commercial & Mixed Use EBIT is impacted by the timing of profit recognition from year-to-year. FY21 has benefited from profit recognition from our Olderfleet, 477 Collins Street, Melbourne, South Eveleigh, Sydney and 80 Ann Street, Brisbane developments, with the majority of profit relating to Olderfleet and South Eveleigh recognised in FY20, resulting in a lower EBIT contribution in FY21 compared to FY20.

While EBIT contribution is lower in FY21, valuation gains generated from our retained ownership interest in completed developments almost doubled to \$121m. This development revaluation gain recognises the value created from our from development activities and in FY21 relates to the fair value gain on investment properties under construction (Locomotive Workshop, Sydney) and the initial fair value uplift from the independent valuations of recently completed projects (South Eveleigh, Sydney and Olderfleet, 477 Collins Street, Melbourne).

Post balance date, the Group sold a 49 per cent interest in the Locomotive Workshop to Sunsuper, securing development profits for the Group in FY22 from this transaction.

Our commercial pipeline has a total end value of approximately \$12.3bn⁴. It comprises large-scale urban renewal projects designed to support the growth and evolution of our cities. The majority have in place income or are held in capital efficient structures, providing optionality and future value.

	FY21 \$m	FY20 \$m	Movement \$m
Commercial & Mixed Use EBIT	33	70	(37)
Development revaluation gain	121	64	57
Total Commercial & Mixed Use Return	154	134	20
Total development pipeline⁴	12,283	8,327	3,956
Committed development pipeline ⁴	1,949	1,500	449
Invested Capital	304	107	197

Other key Commercial & Mixed Use project updates for FY21 include:

- > received planning approval on our proposed mixed use precinct at 7 Spencer Street, Melbourne;
- > received concept approval from the Independent Planning Commission for Stage 1 of the redevelopment of Harbourside Shopping Centre at Darling Harbour, Sydney;
- > substantially completed the Locomotive Workshop, South Eveleigh, Sydney, with 96 per cent of the office space and 100 per cent of the retail space pre-committed, with 49 per cent sold down to Sunsuper in August 2021;
- > progressed construction of Suncorp's new headquarters at 80 Ann Street, Brisbane, with the 60,000sqm office precinct now 81 per cent pre-committed. Practical completion remains on track for FY22;
- > advanced the design of the 63,000sqm premium commercial and retail precinct planned at 55 Pitt Street, Sydney, with Stage 2 DA submitted;
- > signed non-binding heads of agreements for 30 per cent of net lettable area at the Switchyard industrial project in Auburn, Sydney, which is expected to cater for an increase in last-mile related demand;
- > secured rezoning for Aspect Industrial Estate, Sydney and entered into a heads of agreement with a occupier for the initial development at the estate;

1. Source: ABS Labour Force, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/jun-2021> and SQM Research www.sqmresearch.com.au

2. JLL 2021 European Living Survey <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-living-investor-survey-2021-v4.pdf>, and ANREV 2021 Investment Intentions survey, United States Multi-housing Outlook – Summer 2021, JLL June 2021, <https://www.usjll.com/en/trends-and-insights/research/multi-housing-market-statistics-trends>

3. Boost for build-to-rent, Property Council of Australia, Feb 23 2021, <https://info.propertycouncil.com.au/property-australia-blog/boost-for-build-to-rent-1>

4. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

- > secured rezoning for Stage 1 & 2 of our Elizabeth Enterprise Precinct located 800m from the future Western Sydney Airport, and acquired Stage 2 (52ha) increasing our total estate to 90ha and our industrial development pipeline to \$2bn¹;
- > progressed construction at LIV Munro, Melbourne (490 purpose-built build to rent apartments) with completion estimated for late CY22;
- > lodged a planning application for LIV Albert Fields in Brunswick, Melbourne (~500 apartments) with completion estimated for CY24; and
- > received DA approval for LIV Anura, Brisbane following selection by the Queensland Government in its Build to Rent Pilot Project. The project is designed to introduce a ground-breaking housing model which has the potential to improve housing diversity. Through the Pilot Project, the Queensland Government has committed to provide a 25 per cent rental subsidy for 25 per cent of the apartments (99 units).

COMMERCIAL & MIXED USE OUTLOOK ²

Prime grade office values have continued to remain firm over the last six months, with strong interest from both onshore and offshore capital supporting asset values, especially newer office buildings in core CBD locations³. Given the subdued outlook for bond yields and interest rates over the near term⁴, the demand for newly developed and well-located office buildings with strong lease covenants is expected to remain strong, underpinning asset values and supporting redevelopment metrics for a number of our pipeline office developments.

Additional uncertainty brought about by the increase in COVID-19 cases in Sydney and Melbourne post 30 June 2021 is expected to again temper office leasing activity in the near term. Many large office users are expected to delay decision making around lease renewals or relocating their office premises where possible until more certainty emerges around COVID-19 cases and the level of vaccination coverage.

We expect that there will be heightened demand for new office buildings as we emerge from the pandemic, equipped with the latest technology, a focus on occupant amenity and market leading wellness and sustainability ratings. These key features will enable organisations to attract and retain talent, to better reflect and build their brand and culture and to ensure their physical workplaces are enticing and functional for their staff.

Our development team continues to monitor large-scale mixed use development opportunities, both on and off market and remains focused on securing additional opportunities which play to our integrated and diversified development capabilities.

RESIDENTIAL

Residential EBIT is impacted by the timing and composition of settlement of exchanged lot sales from year-to-year as well as ownership and management arrangements within development projects. Our Residential EBIT is lower in FY21 due to a greater skew to masterplanned community lot settlements (FY21 2,061 v FY20 1,433 masterplanned community lot settlements) which generate lower EBIT contribution on a per-lot basis. FY20 benefitted from a record level of apartment settlements (FY21 465 v FY20 1,130 apartment lot settlements) which generate a higher EBIT contribution on a per-lot basis.

The main contributors in FY21 are Woodlea, Smiths Lane and Tullamore, all in Melbourne, and Crest in Sydney, all masterplanned community projects, as well as Pavilions, an apartment project in Sydney. FY20 had significant contributions from apartment projects, namely St Leonards Square and Marrick & Co, both in Sydney and The Eastbourne, Melbourne.

Overall, our Residential business achieved 2,526 lot settlements in FY21, marginally lower than the 2,563 lots settled in FY20.

Residential gross margins for FY21 were 26 per cent, with a ROIC of 10.1 per cent. Margins increased from the prior year due to a heavier weighting to masterplanned community projects, as well as the sale of development rights over a large parcel of land at our Woodlea joint-venture project.

	FY21	FY20	Movement
Residential EBIT (\$m)	168	225	(57)
Lots released (number)	3,319	1,527	1,792
Lots exchanged (number)	3,375	1,843	1,532
Lots settled (number)	2,526	2,563	(37)
Pre-sales secured (\$m)	1,215	971	244
Defaults (%)	2.7⁵	2.2	0.5
Gross development margin (%)	26	24	2
Pipeline lots (number)	26,569	27,361	(793)
Invested Capital (\$m)	1,699	1,635	64
ROIC (%)	10.1	13.8	(3.7)

Several flagship projects were launched during the year with a strong response from the market, including Quay at Waterfront, Brisbane (71 per cent pre-sold⁶), Green Square, Sydney (52 per cent pre-sold⁶), George's Cove, Sydney (93 per cent of released lots sold⁶) and The Village, Menangle, Sydney (98 per cent of released lots sold⁶).

Overall, 3,375 sales were achieved during the period, driven by Government stimulus in masterplanned communities and strong owner occupier interest in apartments. This was the highest level of sales since FY16. Masterplanned community sales accounted for nearly 90 per cent of FY21 sales, initially driven by WA land sales, along with Googong in NSW. From February 2021, demand for masterplanned communities land lots in Victoria accelerated following the end of extended lockdown there. Masterplanned community sales are currently occurring 12-18 months in advance of settlement across many projects.

The close to 600 deposits on hand at the end of FY21 are expected to convert into unconditional exchanges in the coming months. The default rate for the year was 2.7 per cent, heavily driven by defaults at Pavilions, Sydney in the last 12 months.

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

2. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, but are subject to external factors and the uncertain environment caused by the global pandemic.

3. JLL REIS June 2020.

4. Westpac Market Outlook August 2021, Westpac Economics.

5. 0.6 per cent, excluding Pavilions, Sydney.

6. Including deposits and conditional sales.

Directors' report

Continued

REVIEW OF OPERATIONS AND ACTIVITIES continued

RESIDENTIAL OUTLOOK¹

The fundamentals of strong established market momentum which has continued despite COVID-19 lockdowns, together with very low interest rates and limited supply in many catchments², provides a strong base for our Residential business looking ahead. Several new apartment launches are planned for FY22, in response to growing demand for high-quality, well designed, owner-occupier targeted product, including:

- > NINE by Mirvac, Willoughby, which is set to deliver over 400 apartments within a landmark community on Sydney's north shore, expected to set a new benchmark in the area;
- > Forme, the final apartment building at Tullamore, Melbourne, comprising 93 apartments;
- > Charlton House, the third stage at Brisbane Racing Club comprising 116 apartments;
- > a prestige, over-55s offering in Waverley, Sydney comprising 55 apartments;
- > the next stage at Yarra's Edge in Melbourne, comprising 191 apartments;
- > the next two buildings at Green Square, Sydney comprising 159 apartments; and
- > a low-rise building of 88 apartments at Burswood, Perth.

These launches are expected to significantly elevate apartment pre-sales, before contributing to residential earnings from FY23. Our ability to bring these new projects to market now puts our Residential business in a strong position as both sentiment and activity from owner-occupiers and investors remains buoyant and supply of new stock in many inner and middle ring markets remains low.

Off the back of strong demand for masterplanned community product during FY21 across both land and built-form, we expect to see FY22 settlements again dominated by masterplanned communities, contributing over 80 per cent of FY22 lot settlements and delivering gross margins above our typical through-cycle range.

Strong demand means we are now selling 12-18 months ahead of settlement in most masterplanned community projects, delivering a high-level of secured EBIT for FY22. We expect to see demand continue to be driven by owner occupiers, both upgraders and downsizers, with domestic investor activity continuing to grow, first in masterplanned communities followed by apartments.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 49 to 54. Other than those matters disclosed, there were no significant changes to the state of affairs during the financial year under review that are not otherwise disclosed in this annual report.

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

EVENTS OCCURRING AFTER THE END OF THE YEAR

In July 2021, the NSW and Victorian State Governments implemented new restrictions in response to the increase in COVID-19 cases. These restrictions have not had a significant impact on the Group's operations to date and are not expected to have a material impact on the recoverability or fair value of the Group's assets.

On 23 July 2021, the Tucker Box Hotel Group entered into an agreement to dispose of its hotel portfolio for \$620m (before transaction costs and adjustments). The Tucker Box Hotel Group is a joint venture which is 50 per cent owned by the Group. The Group's carrying value of the joint venture reflects the sale price as at 30 June 2021.

On 29 July 2021, the Group contracted to acquire a 50 per cent interest in The EY Centre, 200 George Street, Sydney and contracted to sell a 49.9 per cent interest in this asset to an aligned capital partner (with Mirvac retaining a 50.1 per cent interest) resulting in a 11 per cent valuation uplift being recognised by the Group with respect to our interest.

On 5 August 2021, the Group sold 49 per cent of the units in Mirvac Locomotive Trust for \$231m.

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

ENVIRONMENTAL REGULATIONS

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

1. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, but are subject to external factors and the uncertain environment caused by the global pandemic.

2. CoreLogic Hedonic Home Value Index, August 2021, https://www.corelogic.com.au/sites/default/files/2021-08/210802_CoreLogic_HomeValueIndex_Aug21_FINAL.pdf House Price Expectations Index, Melbourne Institute, July 2021 and ABS Building Approvals, by SA2 and above, https://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_SA_SA2_ASGS2016

CORPORATE GOVERNANCE STATEMENT

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

During the year ended 30 June 2021, Mirvac's corporate governance framework was consistent with the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

Mirvac's Corporate governance statement for the year ended 30 June 2021 and copies or summaries of the Group policies referred to in it are published on Mirvac's website at: www.mirvac.com/about/corporate-governance.

TAX GOVERNANCE STATEMENT

Mirvac has adopted the Board of Taxation's Tax Transparency Code (TTC). As part of the TTC, Mirvac has published a Tax governance Statement (TGS) which details Mirvac's corporate structure and tax corporate governance systems. Mirvac's TGS for the year ended 30 June 2021 can be found on Mirvac's website at: www.mirvac.com/about/corporate-governance.

FRAUD, BRIBERY AND CORRUPTION

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

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

NON-AUDIT SERVICES

From time to time, Mirvac may engage its external auditor, PricewaterhouseCoopers, to perform services additional to their statutory audit duties. Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year ended 30 June 2021 are set out in note H5 to the consolidated financial statements.

In accordance with the advice received from the Audit, Risk & Compliance Committee (ARCC), the Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- > all non-audit services were reviewed by the ARCC to ensure they did not affect the impartiality and objectivity of the auditor; and
- > none of the services undermined the general principles relating to auditor independence as set out in Accounting Professional & Ethical Standards 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 78 and forms part of the Directors' report.

ROUNDING OF AMOUNTS

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

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

Susan Lloyd-Hurwitz

SUSAN LLOYD-HURWITZ

Director

Sydney
12 August 2021

Remuneration Report

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1 MESSAGE FROM THE HUMAN RESOURCES COMMITTEE (HRC)

The HRC is pleased to present securityholders with the FY21 Remuneration Report. This report sets out Mirvac's approach to remuneration for its executives and in particular the link between Mirvac's strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The HRC has oversight of Mirvac's People Strategy, Culture and key Human Resources practices. Mirvac's remuneration framework is an integral component of our People Strategy.

PEOPLE AND CULTURE KEY HIGHLIGHTS

The HRC has for many years recognised Mirvac's culture as a key source of competitive advantage, a differentiator for attracting and retaining the best talent in our sector, and a driver of employee, team and organisational performance.

We have conducted six employee pulse surveys over the last year to ensure we continue to support the engagement and wellbeing of our employees over the course of the COVID-19 pandemic. The pride and commitment of our people is reflected in the outcomes, with 97 per cent of employees responding favourably to the statement "I am proud to say I work for Mirvac" and 84 percent of employees responded favourably to the statement "I am willing to go above and beyond to help Mirvac succeed". Throughout the COVID-19 pandemic, our purpose, culture, and values have guided our decision making and actions, including our values to 'do the right thing' and to 'put people first'.

Key highlights for the year include:

- > supported our people through the COVID-19 pandemic, with increased communications and increased initiatives to support physical and mental wellbeing, and including provision of 'COVID-19 Special Leave' which provided a period of paid leave for employees unable to attend work due to the COVID-19 pandemic;
- > Mirvac Ranked #2 Globally and #1 in Australia and Asia Pacific in Equileap's Global Report on Gender Equality for a second year in a row;
- > Mirvac awarded with the Employer of Choice for Gender Equality citation for the seventh consecutive year and the like-for-like gender pay gap is zero for the fifth year in a row;
- > maintained female representation above targets including 43 per cent of senior leadership roles held by women;

- > 96 per cent return from parental leave; and

- > secured preferred candidates for a number of senior ELT and General Manager appointments, reflecting the strength of our employer brand in securing top talent.

In addition, the organisation has undergone considerable change during the year, with the departure of various senior roles (CFO, Head of Retail, and Head of Stakeholder Relations); a significant restructure (bringing together our Office, Industrial, Retail and Build to Rent investments into a single portfolio); onboarding of a new CFO; and including a significant technology transformation project called MirvacNEXT. These changes have been utilised as an opportunity to strengthen the capability and organisational structure that will best support execution of our business strategy, and provided opportunities for new and expanded roles for key talent. The changes were implemented quickly and effectively with minimal disruption and positive outcomes are already being delivered.

More on our People Strategy and how this supports Mirvac's performance can be found in the Our People section, page 30.

Supporting our people through ongoing uncertainty

Our people have shown remarkable strength, resilience and dedication throughout FY21. While we remain optimistic about the future for the economy and for Mirvac, this letter being written while in lock-down reinforces there will be challenging periods ahead. We are committed to continued support of our people, focusing on their continued wellbeing, resilience, and engagement and continuing – even in lock-down or in a hybrid working environment – to be the #1 employer in our sector and a place where people want to join, grow and belong.

REMUNERATION OUTCOMES FOR FY21

The remuneration outcomes for the FY21 reflect the intended operation of the remuneration framework.

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

- > incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;
- > consideration of business and operational risk through the design of performance objectives, clawbacks and the exercise of Board discretion;
- > incentives that align the interests of executives to those of securityholders;
- > vesting periods for deferred incentives that reflect the time horizons over which Mirvac invests, while providing appropriate stretch and incentive for executives;
- > best-practice governance and ensuring remuneration outcomes are reasonable taking into account community and stakeholder expectations; and
- > target remuneration levels and remuneration outcomes that appropriately reflect the challenge and complexity of being an active developer and of being an integrated and diverse property company.

As in previous years, we have maintained a financial gateway of 90 per cent of budget for the Group STI Pool to open, which the HRC believes is important in aligning financial performance with individual STI outcomes. This gateway was not opened in FY20, due to the impacts of the COVID-19 pandemic and as a result no employees received a bonus in FY20. Pleasingly, it has been opened for FY21, reflecting the strong performance of the Group. STI outcomes (detailed pages 60 to 62) reflect strong financial performance and performance against the non-financial strategic priorities on the Group Scorecard.

Also pleasingly, the Long-term Performance Plan (LTP) has vested at 76 per cent, reflecting above median TSR performance and strong ROIC performance exceeding WACC.

As noted in last year's Remuneration Report and Notice of Meeting for the 2020 AGM, there were some changes to the LTP design as a result of the COVID-19 pandemic, mainly to suspend the ROIC component for the LTP award made in FY21, and 100 per cent of the award to be based on Relative TSR.

REMUNERATION SETTINGS FOR FY22

The HRC is in the process of finalising design for FY22 and will be maintaining most elements of the current remuneration framework. In doing so, it is reviewing the key elements of the STI and LTP to ensure they align with the remuneration framework, and that the incentive design remains 'fit for purpose' as we navigate the continuing COVID-19 pandemic impacts and set up the business to accelerate out of the crisis.

2 WHO IS COVERED BY THIS REPORT

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

For FY21, the KMP were:

Name	Position
Non-Executive Directors	
John Mulcahy	Chair
Christine Bartlett	Non-Executive Director
Jane Hewitt	Non-Executive Director
James M. Millar AM	Non-Executive Director
Samantha Mostyn AO	Non-Executive Director
Peter Nash	Non-Executive Director
Robert Sindel	Non-Executive Director since 1 September 2020
Former Non-Executive Directors	
Peter Hawkins	Non-Executive Director until 19 November 2020
Executive KMP	
Susan Lloyd-Hurwitz	CEO/MD
Brett Draffen	Chief Investment Officer
Campbell Hanan	Head of Integrated Investment Portfolio
Stuart Penklis	Head of Residential
Courtenay Smith	CFO since 8 March 2021
Former Executive KMP	
Shane Gannon	CFO until 31 March 2021
Susan MacDonald	Head of Retail until 31 December 2020

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

3 KEY QUESTIONS

Key questions	Mirvac approach	Further info
REMUNERATION IN FY21		
1. How is Mirvac's performance reflected in this year's remuneration outcomes?	Mirvac's reward framework aims to align the interests of our employees with those of our securityholders and stakeholders. The remuneration outcomes reflect a pay-for-performance approach that considers a number of factors, including Group, team and individual performance, as well as behaviours that help build and protect Mirvac's culture and reputation. Short-term: Mirvac has delivered strong performance in terms of operating profit and delivery of strategic objectives. This has resulted in above-target performance on our balanced scorecard and a corresponding above-target payout of short-term incentives (STI). Noting that Mirvac did not pay out any STI in FY20. Long-term: The three-year performance period for the FY19 LTP completed on 30 June 2021. The FY19 LTP was divided into two components, with 40 per cent tested against relative TSR and 60 per cent tested against ROIC, both over a three-year period. Mirvac's absolute TSR performance of 36.23 per cent was at the 64th percentile of the comparator group, resulting in vesting of 78 per cent of the relative TSR component. Mirvac's three-year average ROIC of 7.5 per cent exceeded WACC, resulting in vesting of 74.6 per cent of the ROIC component. Total vesting for the FY19 LTP award is 76 per cent.	Section 4 Page 60

Remuneration Report

Continued

2. What changes have been made to the remuneration structure in FY21?	There were significant challenges associated with setting a ROIC hurdle given we were in the midst of the COVID-19 pandemic and the resulting impacts were unknown. As a result, the Board decided that ROIC was not a suitable measure for the FY21 STI or FY21 LTP plans. Notwithstanding, ROIC remains a key metric for management. Short-term incentives: The Board decided to retain operating profit as the single financial performance measure to determine STI pool funding. Consistent with prior years, the STI pool has a gateway requirement of Group operating profit being at least 90 per cent of target, and the pool funding is moderated by the Board based on the achievement of a scorecard of strategic objectives. Long-term incentives: After considering various alternatives and independent expert advice, as well as considering feedback from various stakeholders, the Board decided to retain the relative TSR measure as the single performance measure (that is, it applies to 100 per cent of the award), in effect suspending the ROIC component for the FY21 award. The suspension of the ROIC component is specific to the FY21 LTP plan and does not necessarily indicate the Board's preferred performance measures for future LTP awards. The performance period of the FY21 LTP began on 1 October 2020 and will end on 30 June 2023. The Board's view was that, because of the impacts of the COVID-19 pandemic, it was more appropriate for the performance period to commence after the 30 June 2020 results announcements by each company in the comparator group so that the market was fully informed of the impacts of the COVID-19 pandemic at the start of the performance period. Individual changes: Campbell Hanan, Head of Integrated Investment Portfolio, received a fixed pay increase from \$800,000 to \$950,000 per annum as at 1 October 2020. The adjustment to Campbell's remuneration was appropriate with the consolidation of the Office, Industrial, Retail and Build to Rent divisions into the Integrated Investment Portfolio division. There were no increases to the fixed remuneration or total target remuneration for any other Executive KMP during FY21.	Section 6 Page 63
3. Are any changes planned for FY22?	As a result of the impacts of COVID-19, the incentive designs are being reviewed to ensure the remuneration framework remains fit for purpose and appropriately responds to the change in context. In making any changes, the core principles set out on page 56 remain sound and will guide the Board's decision-making on performance measures, remuneration mix, vesting periods for deferred incentives and other relevant decisions. For the FY22 LTP plan, the Board will take into account the prevailing conditions, noting the current preference is to revert to a mix of ROIC and relative TSR.	Section 6 Page 63
REMUNERATION FRAMEWORK		
4. Where does Mirvac's remuneration sit relative to the market?	Fixed and variable pay are both aimed at the market median, with remuneration opportunities for outstanding performance extending up to the 75th percentile of the market.	Section 6 Page 63
5. What proportion of remuneration is "at risk"?	The majority of Executive KMP's remuneration is based on performance and is therefore at risk. The remuneration package for the CEO/MD is 70 per cent performance-related pay, and for other Executives the remuneration package is, on average, 57 per cent performance-related pay.	Section 5 Page 63
6. Are there any clawback provisions for incentives?	Yes, the Board has the ability to claw back incentives in the event of a material financial misstatement, any misconduct that is, or may be, harmful to the Group, and/or gross negligence.	Section 6 Pages 65 and 66
7. What is Mirvac's minimum securityholding requirement?	The minimum securityholding requirement is: > 150 per cent of fixed remuneration for the CEO/MD; > 100 per cent of fixed remuneration for other Executives; and > 50,000 securities for Non-Executive Directors. Executives have five years from the commencement of their role on the ELT, or for current Executives five years from 1 July 2018, to establish their Mirvac security ownership to the minimum. Non-Executive Directors have three years from their date of appointment to the Board to acquire securities up to the minimum.	Section 12 Page 73 Section 16 Page 76

SHORT-TERM INCENTIVES

8. Are any STI payments deferred?	Yes, 25 per cent of STI for Executives are awarded as rights over Mirvac securities, half of which vest in one year and half in two years. If the Executive resigns before the vesting period ends, the rights do not vest and are forfeited.	Section 5 Page 63 Section 6 Page 65
9. Are STI payments capped?	Yes, an Executive's STI is capped at double their STI target, achievable only in circumstances of both exceptional individual and Group performance.	Section 6 Page 64

LONG-TERM INCENTIVES

10. What are the performance measures for the LTP plan?	For the FY19 and FY20 LTP awards, performance is measured over a three-year period with 40 per cent of the award subject to relative TSR and 60 per cent of the award subject to ROIC, with the Board having overarching discretion to ensure vesting outcomes are appropriately aligned to performance. For the FY21 LTP award, performance is measured over the period 1 October 2020 to 30 June 2023 with 100 per cent of the award subject to relative TSR, with the Board having overarching discretion to ensure vesting outcomes are appropriately aligned to performance.	Section 6 Page 65
11. Does the LTP have re-testing?	No, there is no re-testing.	Section 6 Page 66
12. Are dividends/distributions paid on unvested LTP awards?	No, dividends/distributions are not paid on unvested LTP awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.	Section 6 Page 65
13. Is the size of LTP grants increased in light of performance conditions?	No, there is no adjustment to reflect the performance conditions. The grant price for allocation purposes is not reduced based on performance conditions. Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period.	Section 6 Page 65
14. Can LTP participants hedge their unvested LTP?	Consistent with the <i>Corporations Act 2001</i> , participants are prohibited from hedging their unvested performance rights.	Section 6 Page 66
15. Does Mirvac buy securities or issue new securities for security-based awards?	For deferred STI awards, securities are purchased on-market. For LTP awards, the Board has discretion to issue new securities or buy existing securities on-market.	Section 6 Pages 65 and 66
16. Does Mirvac issue share options?	No, Mirvac uses performance rights for the deferred STI and LTP awards.	Section 6 Page 65

EXECUTIVE KMP SERVICE AGREEMENTS

17. What is the maximum an executive can receive on termination?	Executive KMP termination entitlements are limited to 12 months' fixed remuneration.	Section 14 Page 75
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Remuneration Report

Continued

4 OUR REMUNERATION STRATEGY AND THE LINK TO BUSINESS STRATEGY

Mirvac's remuneration strategy is designed to support and reinforce its business strategy. The at-risk components of remuneration are tied to measures that reflect the successful execution of our business strategy in both the short and long term. Our strategic drivers are reflected in STI performance measures and LTP performance measures. So, Mirvac's actual performance directly affects what executives are paid.

Our strategic drivers	Are reflected in incentive performance measures	Commentary on actual performance	Achievement
LTP PERFORMANCE MEASURES			
Capital efficiency and financial performance Reflects the alignment of business strategy to create sustainable value for securityholders.	Relative Total Shareholder Return (TSR) Measures the performance of Mirvac securities over time, relative to other entities in a comparison group.	> Mirvac's absolute TSR performance of 36.23% per cent was at the 64th percentile relative to its comparator group.	
	Return on Invested Capital (ROIC) Reflects how efficiently Mirvac is using its assets to generate earnings. It is calculated by dividing Total Return by average Invested Capital over the three-year period.	> Mirvac's average annual ROIC was 7.5% over the three-year period.	
	Operating Profit Reflects how much revenue the business has generated for the year, less operating costs and represents a key driver of securityholder value.	> In FY21 operating profit was \$550m down from \$602m in FY20.	
	Return On Invested Capital (ROIC) Reflects how efficiently Mirvac is using its capital to generate earnings. It is calculated by dividing Total Return by average Invested Capital over 12 months.	> In FY21 ROIC was 7.2% up from 5.2% in FY20.	
Strategy execution and operational excellence	Ensures management delivers on core initiatives relating to Group strategy and operating model. Measures include performance against Group or divisional specific initiatives and/or integrated projects.	Overall, a successful year for operational excellence initiatives in terms of delivering Group strategy. Examples of key initiatives and outcomes delivered successfully throughout FY21: Operating Model > Creation of a new Integrated Investment Portfolio (IIP) division, consolidating the award-winning capabilities of our Office, Industrial, Retail and Build to Rent teams. > Created a dedicated Commercial & Mixed Use team. > These structural changes will enable us to enhance our already considerable mixed use development capability and continue to cater to the changing lifestyles of our customers and communities, while unlocking synergies and efficiencies across our operations. Build to Rent (see page 21) > The \$1.4bn¹ development pipeline is progressing well on all fronts. LIV Munro in Melbourne is due for completion in 2022, and we have received planning approval at LIV Anura in Newstead, Brisbane, including 25 per cent of the apartments to be subsidised by the Queensland Government for key workers. Residential (see page 26) > Sales for the year reached 3,375, up 84 per cent on the prior corresponding period. We also settled 2,526 lots, comfortably exceeding our guidance of 2,200 lot settlements for the year. > We also made steady progress on the delivery of our \$28bn¹ total development pipeline during FY21. Highlights include the topping out of our newest tower at Yarra's Edge, Voyager, despite extended lockdowns in Victoria. Commercial & Mixed Use (see page 22) > New team is responsible for the delivery of our \$12bn¹ commercial and mixed use development pipeline, see page 22 for more information on future precincts. > The Locomotive Workshop at South Eveleigh, Sydney is now substantially complete and 80 Ann Street in Brisbane remains on track for practical completion in FY22 Capital Management > At 30 June, our assets under management were \$25bn, including \$9.9bn of assets under management on behalf of our capital partners.	

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside Mirvac's control such as planning, market demand and COVID-19 uncertainties.

KEY:  Above target |  Within target range |  Below target

Our strategic drivers	Are reflected in incentive performance measures	Commentary on actual performance	Achievement
STI PERFORMANCE MEASURES continued			
Customer and investor satisfaction Provide customers and investors an experience that delivers excellence, consistently exceeds expectations and engenders loyalty.	Represents how well Mirvac is meeting the expectations of key external stakeholders. Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third-party capital investors.	> Customer satisfaction targets set for each of our key divisions were exceeded. > Continued positive feedback being received from investors on our delivery of strategy.	
People and leadership Have an engaged and motivated workforce with superior skills and capabilities.	There is a strong correlation between high levels of employee engagement and a positive culture with securityholder returns. Measures include engagement, key talent retention, gender diversity and flexibility targets.	People and leadership targets set were either met or exceeded: > Strong scores on leadership and culture in employee surveys including 97% favourable score on the statement, "I am proud to work at Mirvac." > 43% of senior leadership positions held by females (target >40%). > Our strategic focus on gender balance is continuing to have a positive impact on gender pay parity with the like-for-like gender pay gap at zero for the fifth year (target = no like-for-like pay gaps). > Mirvac has been Ranked #2 Globally and #1 in Australia and Asia Pacific in Equileap's Global Report on Gender Equality for a second year in a row.	
Innovation leadership	A culture of innovation will drive and safeguard long-term securityholder returns. Measures include performance against agreed innovation missions.	> Launch of the Hatch Innovation Capability Accelerator (HICA), an internal training school using best-practice innovation methodology to supercharge innovation capability and help solve existing business challenges. > Innovation Awards: #1 Most Innovative Company in the Property, Construction and Transport sector by AFR BOSS for the second year in a row; Best Project Innovation at the PCA Innovation and Excellence Awards; and, globally ranked #7 and #49 respectively on Fast Company's Most Innovative Companies (Property and Real Estate) and Best Workplaces for Innovators lists for 2020. > Using insights gained from extensive customer research to continue to Reimagine Urban Life, Hatch have identified new innovative opportunities outside of Mirvac's core business that will create value and that will make a positive contribution to the lives of our customers. Read more about how Hatch are growing and embedding Innovation at Mirvac on page 35.	
Sustainability	Mirvac's sustainability strategy, <i>This Changes Everything</i>, sets out the way we approach our environmental, social and governance (ESG) risks and opportunities so that we can continue to deliver positive outcomes for our people, the planet, our partners and customers, and the communities in which we operate. We focus on six material issues: > Climate change, target: net positive carbon by 2030 > Natural resources, targets: net positive water and zero waste to landfill by 2030 > Our communities, target: net positive legacy > Social inclusion, target: \$100m investment in social sector by 2030 > Our People, target: highly engaged, capable, and diverse workforce > Trusted partner, target: most trusted owner and developer	Achieved a sustainability score of 94% against a hurdle of 80%. Highlights include: > Reduced our carbon footprint by 80%, with the majority of our office and retail assets now supplied by renewable electricity. > Delivered \$7m in community investment and directed \$8m of our procurement spend to social enterprises, Indigenous businesses, charities and B-corps. > Launched our second Reconciliation Action Plan, which includes a commitment to the Uluru Statement from the Heart. > Released our first Modern Slavery Statement, outlining our approach to identifying modern slavery in our operations and supply chain. > Progressed our innovative partnership with UNSW Centre for Sustainable Materials Research and Technology to transform waste into construction materials. > Diverted 69% of operational waste from landfill and 95% of construction waste. > Achieved a 5.2 star average NABERS Energy rating across the office portfolio. > Received the Board Leadership of the Year award at the 2020 Climate Alliance Leadership Awards. Read more about Sustainability at Mirvac on pages 38 to 43.	

Remuneration Report

Continued

KEY:  Above target |  Within target range |  Below target

Our strategic drivers	Are reflected in incentive performance measures	Commentary on actual performance	Achievement
STI PERFORMANCE MEASURES continued			
HSE leadership	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities. Measures include Lost Time Injury Frequency Rate and Critical Injury Frequency Rate.	Key HSE achievements in FY21 include: > Ongoing COVID-19 crisis and risk response management to safeguard the safety of our people and our stakeholders, and the continuity of our business operations. > The implementation of a comprehensive Digital Health & Wellbeing program, including workshops and initiatives dedicated to supporting our people's mental and physical health. > Commenced a Black Dog Health & Wellbeing audit to gain insights as to how we can better understand and manage the risks associated with mental health challenges facing our people. > Launched new Hybrid Flexible Working Principles to balance wellbeing and productivity needs. > Performance against key metrics have been impacted by a 26% reduction in worked hours as several major construction projects completed: – CIFR of 1.5 against a target of less than 1.5; and – LTIFR of 3.2 against a target of less than 2. Mirvac is committed to providing safe workplaces, to keep our employees, customers and service providers safe and well. Read more on page 34.	

Incentive Outcomes	
HOW PERFORMANCE DIRECTLY AFFECTS WHAT EXECUTIVES ARE PAID	LTP OUTCOMES
	LTP vesting outcome for Executive KMP in FY21 = 76% of target
	STI OUTCOMES
	CEO/MD STI outcome in FY21 = 166% of target
	Average STI in FY21 for other eligible Executives = 155% of target

5 EXECUTIVE KMP REMUNERATION AT MIRVAC

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

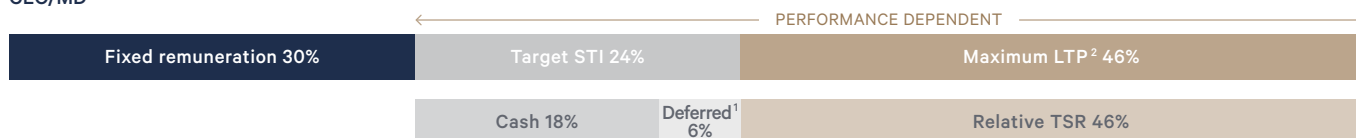
Executive remuneration at Mirvac is:

- > performance-based:
 - the remuneration package for the CEO/MD is 70 per cent performance-related pay;
 - the remuneration package for other Executive KMP is, on average, 57 per cent performance-related pay; and is therefore at risk;
- > equity focused:
 - 52 per cent of the CEO/MD's total remuneration is paid in equity; and
 - about one-third of other Executive KMP members' total remuneration is paid in equity;
- > encouraging an ownership mindset through equity-based incentives (above) and minimum securityholding requirements:
 - the CEO/MD is required to hold 150 per cent of fixed remuneration as Mirvac securities; and
 - other Executive KMP are required to hold 100 per cent of their fixed remuneration as Mirvac securities; and
- > multi-year focused:
 - 50 per cent of STI deferral is subject to a one-year holding lock and the remaining 50 per cent to a two-year holding lock; and
 - LTP performance is measured over a three-year period.

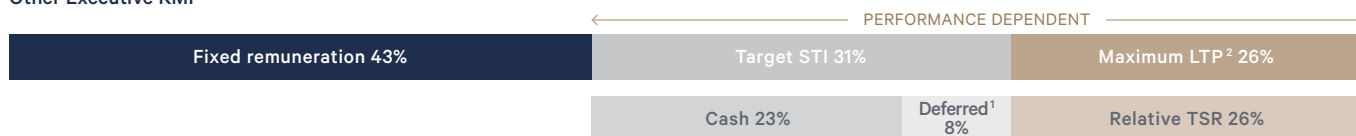
REMUNERATION MIX

The graph below sets out the remuneration structure and mix for the CEO/MD and other Executive KMP members at Mirvac for FY21:

CEO/MD



Other Executive KMP



1. Deferred STI: 50% deferred for 12 months and 50% deferred for 24 months. Subject to clawback.

2. LTP granted as performance rights with performance measured over a three-year period. Subject to clawback.

6 HOW REMUNERATION IS STRUCTURED

Mirvac's executive remuneration framework adopts a market positioning strategy designed to attract and retain talented employees, and to reward them for delivering strong performance. The market positioning strategy also supports fair and equitable outcomes between employees.

FIXED REMUNERATION

Fixed remuneration acts as a base-level reward for a competent level of performance. It includes cash salary, compulsory superannuation and any salary-sacrificed items (including fringe benefits tax).

The Board engages its independent remuneration advisor to provide external remuneration benchmarking data as input into setting remuneration for Executive KMP, ensuring that remuneration remains competitive. When determining the relevant market for each role, Mirvac considers the companies from which it sources talent, and to whom it could potentially lose talent:

For business roles

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

For corporate roles

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

Remuneration Report

Continued

STI: HOW DOES IT WORK?

Purpose	Motivate and reward employees for contributing to the delivery of annual business performance.		
Value	Target	Maximum	
	CEO/MD	80% of fixed remuneration	160% of fixed remuneration
	Other Executive KMP	70%-80% of fixed remuneration	140%–160% of fixed remuneration
Group STI scorecard/pool funding	Gateway: Group operating profit must be at least 90 per cent of plan before any STI payments are made. STI pool funding: Subject to the gateway being met, the STI pool is funded up to a maximum of 6% of operating profit, which is aligned to previous years in which we delivered strong results. Pool moderation: The Board has discretion to moderate the above calculated outcome based on achievement of strategic objectives (see below). The objectives are quantitative in nature and are set in line with the short- and medium-term strategic objectives. Scorecard At the start of the year, a scorecard of objectives is agreed with management. At the end of the year, the Board makes a rigorous assessment, taking into account quantitative and qualitative factors. The Board has discretion to increase or decrease the pool funding taking into account performance against these strategic objectives and the Group's risk framework and tolerance. Our performance against targets will be disclosed retrospectively, as we have done this year on pages 60 and 61, noting that some of the targets for individual strategic objectives are not disclosed as they are commercially sensitive.		
	Measure	Rationale for using	Measurement
	Financial performance	Reflects how much revenue the business has generated for the year, less operating costs and represents a key driver of securityholder value.	Operating profit and AFFO.
	Capital efficiency	Reflects how efficiently Mirvac is using its capital to generate earnings, and the alignment of business strategy to create sustainable value for securityholders.	ROIC. Progress on strategic capital allocation initiatives, and third-party funds under management growth.
	Strategy execution and operational excellence	Ensures management delivers on core initiatives relating to Group strategy and operating model.	Measures include performance against Group or divisional specific initiatives and/or integrated projects.
	Customer and investor satisfaction	Represents how well Mirvac is meeting the expectations of key external stakeholders.	Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third-party capital investors.
	People and leadership	There is a strong correlation between high levels of employee engagement and a positive culture with securityholder returns.	Measures include engagement, key talent retention, gender diversity and flexibility targets.
	Innovation leadership	A culture of innovation will drive and safeguard long-term securityholder returns.	Measures include performance against agreed innovation missions.
	Sustainability	Mirvac is committed to ensuring its activities continue to deliver positive outcomes for our people, the planet, our partners and customers, and the communities in which we operate.	Measures include net positive carbon by 2030, net positive water and zero waste to landfill by 2030, net positive legacy, \$100m investment in social sector by 2030, and most trusted owner and developer.
	HSE leadership	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities.	Measures include Lost Time Injury Frequency Rate and Critical Incident Frequency Rate.
	Risk	Alignment of remuneration/reward and prudent risk-taking. The scorecard includes specific risk objectives and the HRC makes an overall assessment of how each individual ELT member has managed risk before approving individual STI outcomes.	Measures include an assessment of risk culture and compliance (including training and open audit items), with a broad view of risk including financial and non-financial risks and reputation matters.

STI: HOW DOES IT WORK? continued

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

LTP: HOW DOES IT WORK?

Purpose	Assist in attracting and retaining the required executive talent; focus executive attention on driving sustainable long-term growth; and align the interests of executives with those of securityholders.				
Value	The maximum LTP opportunity during FY21 was equivalent to: <table> <tr> <td>CEO/MD</td><td>150% of fixed remuneration</td></tr> <tr> <td>Other Executive KMP</td><td>50%-90% of fixed remuneration</td></tr> </table>	CEO/MD	150% of fixed remuneration	Other Executive KMP	50%-90% of fixed remuneration
CEO/MD	150% of fixed remuneration				
Other Executive KMP	50%-90% of fixed remuneration				
Instrument	Awards under this plan are made in the form of performance rights. A performance right is a right to acquire one fully paid Mirvac security provided a specified performance hurdle is met. No dividends/distributions are paid on unvested LTP awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.				
Grant value/price	Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period. The grant price for allocation purposes is not reduced based on performance conditions.				
Performance period	The FY21 grant has a performance period commencing 1 October 2020 and ending 30 June 2023. The Board's view was that, because of the impacts of the COVID-19 pandemic, it was more appropriate for the performance period to commence after the 30 June 2020 results announcements by each company in the comparator group so that the market was fully informed of the impacts of the COVID-19 pandemic at the start of the performance period.				

Remuneration Report

Continued

LTP: HOW DOES IT WORK? continued

Performance hurdle for FY21 grant

The HRC reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice.

For FY21 there were significant challenges associated with setting a ROIC hurdle given we were in the midst of the COVID-19 pandemic and the resulting impacts were unknown. As a result, the Board decided that ROIC was not a suitable measure for the FY21 LTP plan. Notwithstanding, ROIC remains a key metric for management.

After considering various alternatives and independent expert advice, as well as considering feedback from various stakeholders, the Board decided to retain the relative TSR measure as the single performance measure (that is, it applies to 100 per cent of the award), in effect suspending the ROIC component for the FY21 award. The suspension of the ROIC component is specific to the FY21 LTP plan and does not necessarily indicate the Board's preferred performance measures for future LTP awards.

Relative TSR (100 per cent of the LTP allocation)

Relative TSR is used because it is an objective measure of securityholder value creation and is widely understood and accepted by the various key stakeholders.

Mirvac's TSR performance is measured relative to a comparison group consisting of Mirvac's primary market competitors (the A-REIT) as this is aligned to the peer group in which we compete for capital.

The LTP design for FY22 is currently under review. The Board will take into account the prevailing conditions which may result in a change in hurdles and/or vesting schedules, noting the current preference is to revert to a mix of relative TSR and ROIC.

Vesting schedule for FY21 grant

RELATIVE TSR

Relative TSR (percentile)

Percentage of TSR-tested rights to vest

< 50th

Nil

50th

50%

>50th to 75th

Pro-rata between 50% and 100%

75th and above

100%

Vesting/delivery

Vesting of LTP grants is dependent on achieving relative TSR performance over the period 1 October 2020 to 30 June 2023, with the Board having overarching discretion to ensure vesting outcomes are appropriately aligned to performance.

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

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

Termination/forfeiture

Resignation or dismissal: all unvested performance rights are forfeited.

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

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

Clawback policy

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

Dilution

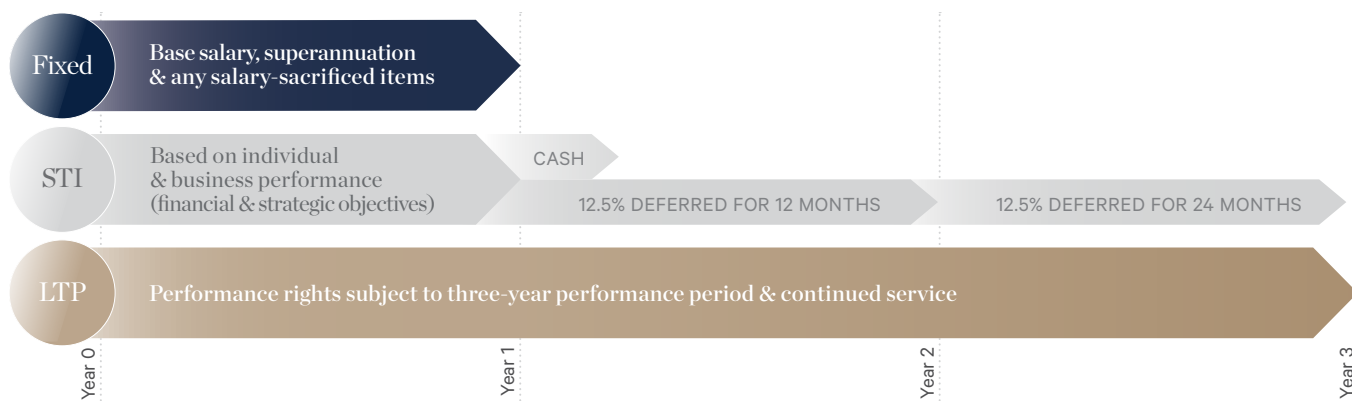
Dilution that may result from securities being issued under Mirvac's LTP plan is capped at the limit set out in ASIC Class Order 14/1000, which provides that the number of unissued securities under those plans must not exceed 5 per cent of the total number of securities of that class as at the time of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

Hedging

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

REMUNERATION DELIVERY

The graph below sets out the remuneration structure so that a substantial portion of remuneration is delivered as equity through STI and LTP, encouraging an ownership mindset and aligning the interests of the executives with those of our securityholders:



7 BUSINESS AND EXECUTIVE REMUNERATION OUTCOMES

HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO STI AWARDS

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

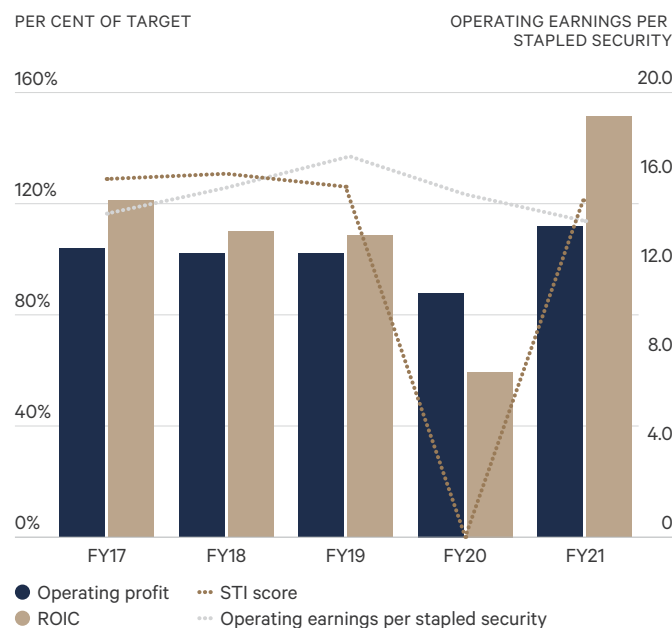
- > **Gateway:** Group operating profit must be at least 90 per cent of plan before any STI payments are made; and
- > **STI pool funding:** Subject to the gateway being met, the STI pool is funded up to a maximum of 6% of operating profit, which is aligned to previous years in which we delivered strong results.

The Board then has discretion to moderate the calculated outcome based on achievement of strategic objectives.

Performance was strong across the Group in FY21, with operating profit outperforming the target set by the Board. The Group's STI scorecard of 123 per cent (of a potential 150 per cent) reflects the strong financial results.

This graph shows how the average STI outcome for all employees has been closely tied to financial performance on operating profit and ROIC.

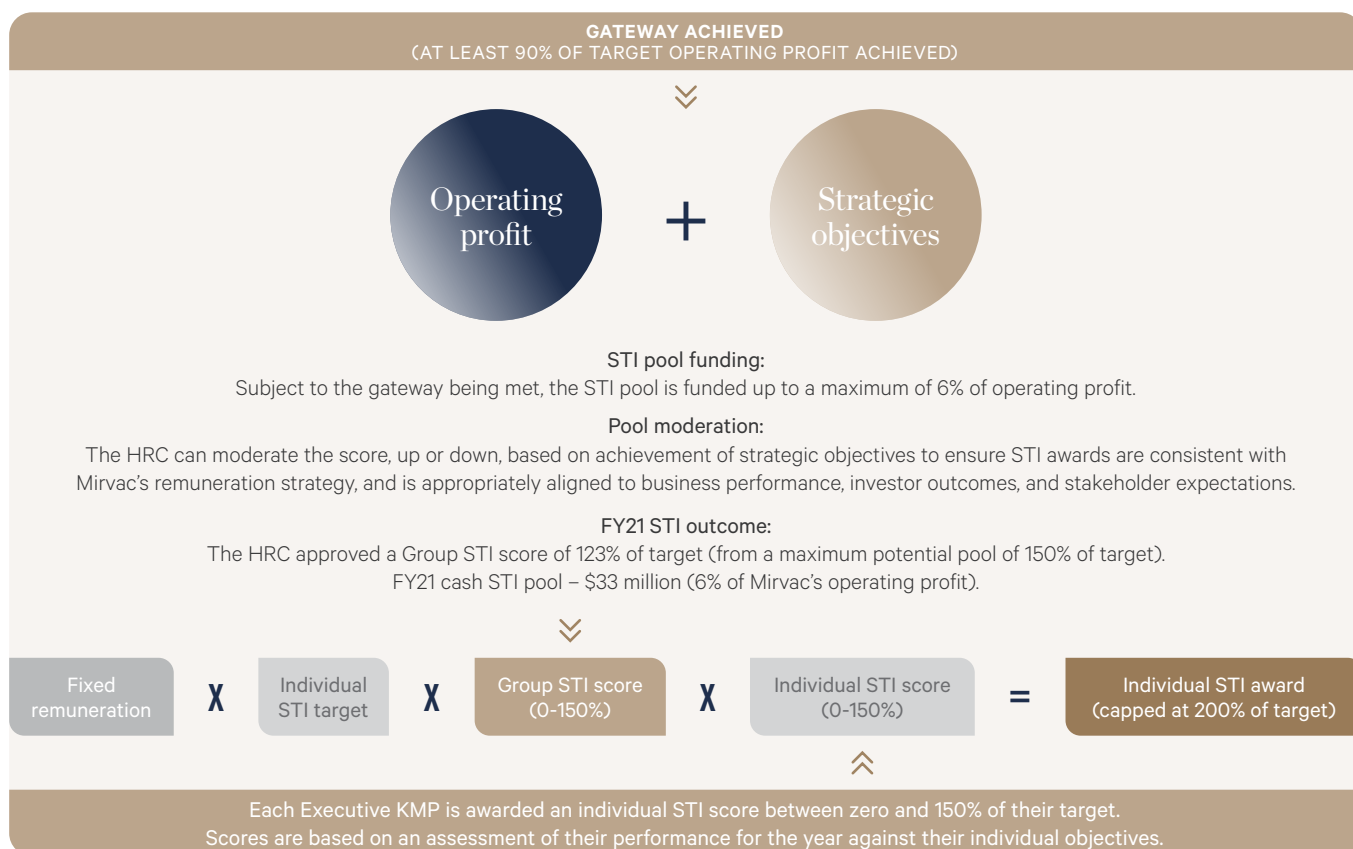
Financial performance in each case is expressed as a percentage of the business target set for the year, while the STI outcome represents the average STI award to participants that year as a percentage of target.



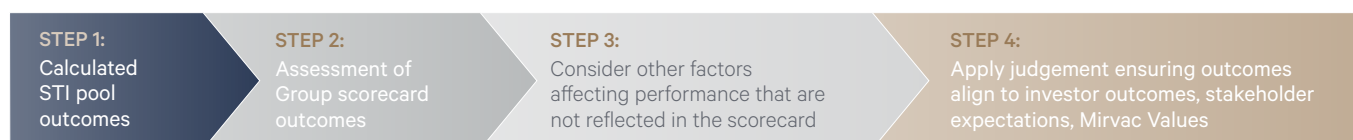
Remuneration Report

Continued

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



When determining executive remuneration outcomes, the Board use their judgement and oversight to consider a range of quantitative and qualitative factors to ensure outcomes align to business performance, investor outcomes, and stakeholder expectations.



HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO LTP AWARDS

Mirvac's financial and security price performance directly affects the vesting of the LTP awards. For the FY19 award:

- > 40 per cent of the LTP is subject to a relative TSR performance measure; and
- > 60 per cent is subject to a ROIC performance measure.

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

In the three years to 30 June 2021:

- > Mirvac's absolute TSR performance of 36.23 per cent was at the 64th percentile of the comparator group, resulting in vesting of 78 per cent of the relative TSR component;
- > the Group's three-year average ROIC performance of 7.5 per cent exceeded WACC, but was less than the stretch target of WACC plus 1.8 per cent premium, resulting in vesting of 74.6 per cent of the ROIC component;
- > as a result, total vesting for the FY19 award is 76 per cent.

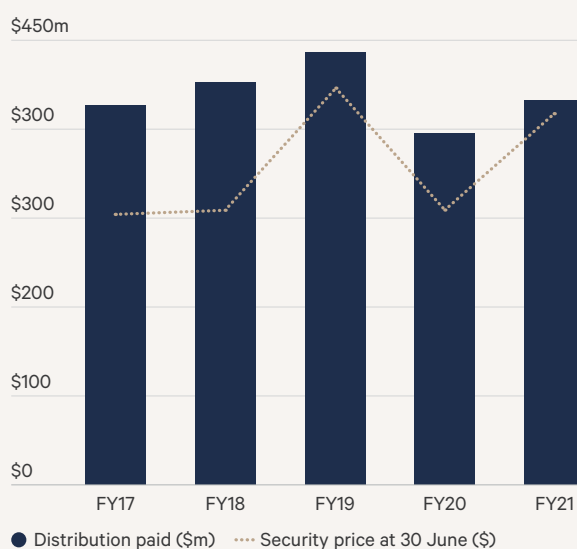
The diagram below sets out the Group's performance and the resulting LTP outcomes for the Executive KMP:

FY19 LTP GRANTS TO ELIGIBLE PARTICIPANTS AND RELATIVE TSR AND ROIC PERFORMANCE HURDLES SET

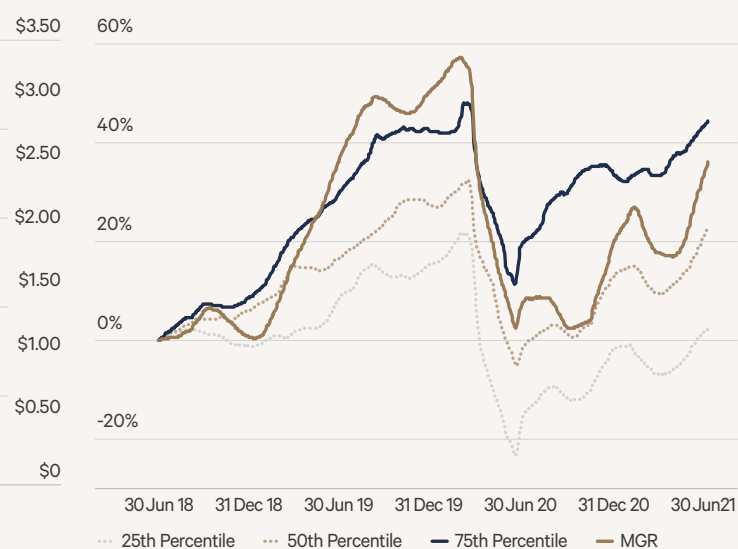
30 JUNE 2021: THREE-YEAR PERFORMANCE PERIOD ENDS FOR THE FY19 GRANTS
AND PERFORMANCE IS MEASURED FOR RELATIVE TSR AND ROIC

RELATIVE TSR

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



Mirvac's TSR (1 July 2018 to 30 June 2021)



MIRVAC'S ABSOLUTE TSR PERFORMANCE OF 36.23 PER CENT WAS AT THE 64TH PERCENTILE OF THE COMPARATOR GROUP.

78 PER CENT OF THE PERFORMANCE RIGHTS LINKED TO THE RELATIVE TSR MEASURE VESTED.



ROIC

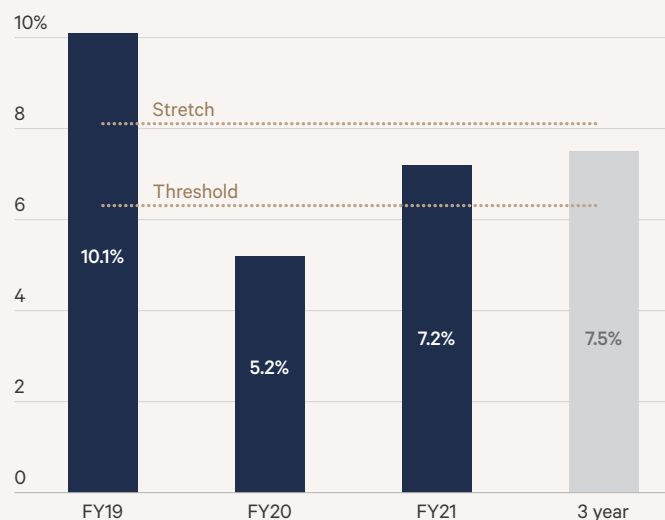
ROIC performance

PERFORMANCE OVER THE THREE-YEAR PERIOD:

- > FY19 exceeded the stretch target;
- > FY20 performance was significantly impacted by COVID-19 resulting in the threshold performance hurdle not being met; and
- > FY21 exceeded the threshold.

Mirvac's average annual ROIC over the three-year performance period was 7.5 per cent, resulting in the threshold target being exceeded.

Mirvac's ROIC performance over the three years



74.6 PER CENT OF THE PERFORMANCE RIGHTS LINKED TO THE ROIC MEASURE VESTED.



76 PER CENT OF THE TOTAL FY19 LTP AWARD VESTED.

Remuneration Report

Continued

EXECUTIVE KMP VESTING OUTCOMES FOR THE PAST THREE YEARS

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

Grant year	Performance hurdle	Performance period	Performance period ended	Vested %
FY17	Relative TSR and ROIC	3 years	30 June 2019	100.0
FY18	Relative TSR and ROIC	3 years	30 June 2020	43.4
FY19	Relative TSR and ROIC	3 years	30 June 2021	76.0

Past financial performance

The table below provides summary information on the Group's earnings and securityholders' wealth for the five years to 30 June 2021:

	FY21	FY20	FY19	FY18	FY17
Profit attributable to the stapled securityholders of Mirvac (\$m)	827	558	1,019	1,089	1,164
Operating profit (\$m) ¹	550	602	631	608	534
Distributions paid (\$m)	390	357	440	408	386
Security price at 30 June (\$)	2.92	2.17	3.13	2.17	2.13
Statutory EPS – basic (cents)	21.0	14.2	27.6	29.4	31.4
Operating earnings per stapled security (EPS) – diluted (cents)	14.0	15.3	17.1	15.6	14.4

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

8 SUMMARY OF FY21 REMUNERATION

CEO/MD remuneration	The CEO/MD's remuneration was not changed during FY21. Remuneration for the CEO/MD in the table in section 9 increased to \$5.9m from \$3.0m in FY20 due to: > In FY20 the CEO/MD took a voluntary 20 per cent reduction in fixed remuneration for a three-month period, from 1 April to 30 June 2020; > STI at 166 per cent of target for FY21 v no STI award for FY20; > 76 per cent vesting of the FY19 LTP award v 43.4 per cent vesting of the FY18 LTP award; and > the increase in security price (\$2.92 at 30 June 2021 v \$2.17 at 30 June 2020). The CEO/MD has not had an increase to her fixed remuneration since she commenced in 2012.
Fixed and total target remuneration	All Executives' fixed pay reverted to 100 per cent after all took a voluntary 20 per cent reduction in fixed remuneration for a three-month period in FY20, from 1 April to 30 June 2020. Campbell Hanan received a fixed pay increase from \$800,000 to \$950,000 per annum as at 1 October 2020. There were no increases to the fixed remuneration or total target remuneration for any other Executive KMP during FY21.
STI	Strong results across all operating metrics resulted in an above target STI pool of 123 per cent. Noting that Mirvac did not pay out any STI in FY20. The STI pool in FY21 was driven by: > operating profit of \$550m outperforming the target set by the Board; and > strong performance against the scorecard of the strategic objectives (see pages 60 to 62).
LTP	Vesting of LTP grants is dependent on achieving relative TSR performance and ROIC targets over a three-year period, with the Board having overarching discretion to ensure vesting outcomes are appropriately aligned to performance. The three-year performance period for the FY19 LTP completed on 30 June 2021. Mirvac's absolute TSR performance of 36.23 per cent was at the 64th percentile of the comparator group, resulting in vesting of 78 per cent of the relative TSR component. Mirvac's three-year average ROIC of 7.5 per cent exceeded WACC, resulting in vesting of 74.6 per cent of the ROIC component. Total vesting for the FY19 LTP award is 76 per cent.
Non-Executive Director fees	No changes to fees; however, all Non-Executive Directors' fees reverted to 100 per cent after all took a voluntary 20 per cent reduction in fees for a three-month period in FY20, from 1 April to 30 June 2020.

9 ACTUAL REMUNERATION RECEIVED IN FY21

The following table sets out the actual value of the remuneration received by Executive KMP members during the year.

The figures in this table are different from those shown in the accounting table in section 10 which includes an apportioned accounting value for all unvested STI and LTP grants during the year (some of which remain subject to satisfaction of performance and service conditions and may not ultimately vest). The table below, on the other hand, shows:

- > **cash STI:** the cash portion of any STI payments to be made in September 2021 in recognition of performance during FY21;
- > **deferred STI vested:** the value of the deferred STI from prior years that vested in FY21 (being the number of rights that vested multiplied by the security price on the vesting date); and
- > **LTP vested:** the value of performance rights whose performance period ended 30 June 2021 (being the number of performance rights that vested multiplied by the security price on 30 June 2021, being the last business day of the performance period).

ACTUAL REMUNERATION RECEIVED IN FY21

	Year	Fixed remuneration ¹ \$	Cash STI \$	Deferred STI vested \$	LTP vested \$	Other ² \$	Total \$
Executive KMP							
Susan Lloyd-Hurwitz	FY21	1,500,000	1,494,450	330,308	2,573,813	24,648	5,923,219
	FY20	1,425,000	—	609,533	999,530	19,854	3,053,917
Brett Draffen	FY21	950,000	946,485	212,148	978,048	21,459	3,108,140
	FY20	902,500	—	391,883	379,822	12,166	1,686,371
Campbell Hanan ³	FY21	899,167	828,175	158,439	457,566	15,478	2,358,825
	FY20	773,333	—	292,951	177,695	10,760	1,254,739
Stuart Penklis ⁴	FY21	800,000	697,410	147,106	457,566	12,977	2,115,059
	FY20	760,000	—	228,296	155,482	10,317	1,154,095
Courtenay Smith ⁵	FY21	252,174	162,842	—	—	4,689	419,705
	FY20	—	—	—	—	—	—
Former Executive KMP							
Shane Gannon ^{6,7}	FY21	675,000	—	201,406	—	849,812	1,726,218
	FY20	855,000	—	372,098	359,832	11,994	1,598,924
Susan MacDonald ^{8,9}	FY21	400,000	—	158,439	—	791,370	1,349,809
	FY20	760,000	—	274,933	177,695	10,421	1,223,049

1. FY20 includes the 20 per cent voluntary reduction in fixed remuneration for a three-month period, from 1 April 2020 to 30 June 2020 in response to COVID-19. Reduction in fixed remuneration for Campbell Hanan is for the three-month period from 1 May 2020 to 31 July 2020.

2. Includes long service leave accrued during the year.

3. Campbell Hanan received a fixed remuneration increase from \$800,000 to \$950,000 per annum effective 1 October 2020.

4. In FY20, Stuart Penklis cashed out \$70,769 of annual leave; the amount shown above reflects fixed remuneration before the addition of the cashed-out leave.

5. Courtenay Smith commenced employment with Mirvac as CFO on 8 March 2021.

6. Shane Gannon ceased employment with Mirvac on 31 March 2021, the values shown includes remuneration received up to the date of termination. 'Other' contains the payments received on termination, including payment of unused accrued leave.

7. In FY20, Shane Gannon elected to purchase additional leave: the amount shown above reflects fixed remuneration before deducting the purchased leave, less the voluntary 20 per cent deduction.

8. Susan MacDonald ceased employment with Mirvac on 31 December 2020, the values shown includes remuneration received up to the date of termination. 'Other' contains the payments received on termination, including payment of unused accrued leave.

9. In FY20, Susan MacDonald took a number of days of unpaid leave over the course of the year; the amount shown above reflects fixed remuneration before deducting the unpaid leave period, less the voluntary 20 per cent deduction.

EXECUTIVE KMP STI AWARDS IN FY21

The following table shows the actual STI outcomes (including any deferred component) for each of the Executive KMP for FY21:

Executive KMP	STI target % of fixed remuneration	STI max % of fixed remuneration	Actual STI % max	STI forfeited % max	Actual STI (total) \$
Susan Lloyd-Hurwitz	80	160	83	17	1,992,600
Brett Draffen	80	160	83	17	1,261,980
Campbell Hanan	70	140	83	17	1,104,233
Stuart Penklis	70	140	83	17	929,880
Courtenay Smith	70	140	62	38	217,122

Remuneration Report

Continued

10 TOTAL REMUNERATION IN FY21

The following statutory table shows the total remuneration for the Executive KMP for FY20 and FY21. These disclosures are calculated in accordance with the accounting standards and accordingly differ from the information presented in the actual remuneration received in FY21 table in section 9.

	Year	Short-term benefits			Post-employment	Security-based payments		Other long-term benefits	Termination benefits \$	Total remuneration \$	Performance-related remuneration % of total remuneration
		Cash salary & fees ¹ \$	Cash STI ² \$	Non-cash benefits ³ \$	Super-annuation contributions \$	Value of LTP rights ⁴ \$	Value of deferred STI rights ⁴ \$	Long service leave ⁵ \$			
Executive KMP											
Susan Lloyd-Hurwitz	FY21	1,478,306	1,494,450	—	21,694	1,625,342	188,498	24,648	—	4,832,938	68%
	FY20	1,403,997	—	—	21,003	704,846	249,641	19,854	—	2,399,341	40%
Brett Draffen	FY21	919,284	946,485	15,154	21,694	617,630	120,174	15,327	—	2,655,748	63%
	FY20	872,475	—	9,022	21,003	267,841	161,456	12,166	—	1,343,963	32%
Campbell Hanan	FY21	877,473	828,175	—	21,694	303,942	100,055	15,478	—	2,146,817	57%
	FY20	752,331	—	—	21,003	125,305	121,372	10,760	—	1,030,771	24%
Stuart Penklis ⁶	FY21	778,306	697,410	—	21,694	288,949	89,117	12,977	—	1,888,453	57%
	FY20	758,675	—	51,091	21,003	132,735	117,008	10,317	—	1,090,829	23%
Courtenay Smith ⁷	FY21	242,224	162,842	—	9,950	18,216	72,176	4,689	—	510,097	50%
		—	—	—	—	—	—	—	—	—	—
Former Executive KMP											
Shane Gannon ^{8,9}	FY21	658,729	—	1,575	16,271	(489,292)	38,961	—	848,237	1,074,481	
	FY20	799,382	—	—	21,003	253,744	153,438	11,994	—	1,239,561	33%
Susan MacDonald ^{10,11}	FY21	389,153	—	1,104	10,847	308,806	30,784	—	790,266	1,530,960	
	FY20	715,965	—	—	21,003	125,305	121,372	10,421	—	994,066	25%

- Cash salary and fees includes accrued annual leave paid out as part of salary. FY20 includes the 20 per cent voluntary reduction in fixed remuneration for a three-month period, from 1 April 2020 to 30 June 2020 in response to the COVID-19 pandemic. Reduction in fixed remuneration for Campbell Hanan is for the three-month period from 1 May 2020 to 31 July 2020.
- Cash STI relates to cash portion of STI awards accrued for the relevant year and payable in September following the end of the relevant financial year.
- Non-cash benefits include salary-sacrificed benefits and related fringe benefits tax where applicable.
- Valuation of rights is conducted by an independent advisor. Lower values in FY20 is a result of the expense reversal in relation to the ROIC component of the FY18 LTP award which did not vest.
- Long service leave relates to amounts accrued during the year.
- In FY20, Stuart Penklis cashed out \$70,769 of annual leave, this is included as cash salary and fees. There was no change to fixed remuneration.
- Courtenay Smith commenced employment with Mirvac as CFO on 8 March 2021. Security-based payments shown above relates to equity granted upon commencement.
- Shane Gannon ceased employment with Mirvac on 31 March 2021. As per section 14, the termination payment is nine months total fixed pay, in addition to payment for all unused annual and long service leave accrued as at the termination date.
- In FY20, Shane Gannon elected to purchase additional leave. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any purchased leave amounts. There was no change to fixed remuneration.
- Susan MacDonald ceased employment with Mirvac on 31 December 2020. As per section 14, the termination payment is nine months total fixed pay, in addition to payment for all unused annual and long service leave accrued as at the termination date.
- In FY20, Susan MacDonald took a number of days of unpaid leave over the course of the year. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any unpaid leave period. There was no change to fixed remuneration.

11 LTP GRANTS IN FY21

The table below shows LTP grants made during FY21, subject to performance conditions over the performance period 1 October 2020 to 30 June 2023. Accounting standards require the estimated valuation of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

Executive KMP	LTP max as a % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value per performance right \$	Maximum total value of grant \$
Susan Lloyd-Hurwitz	150	Relative TSR	1,017,412	1.62	1,649,225
Brett Draffen	90	Relative TSR	386,616	1.62	626,705
Campbell Hanan	50	Relative TSR	214,787	1.62	348,170
Stuart Penklis	50	Relative TSR	180,873	1.62	293,195
Courtenay Smith ¹	50	Relative TSR	90,436	1.41	127,515

1. Courtenay Smith received an out of cycle FY21 LTP award. The award was granted under the same terms and conditions as the FY21 LTP award however, was granted on 26 March 2021 after employment commenced.

Key inputs used in valuing performance rights granted during FY21 were as follows:

Grant date	3 December 2020	Exercise price	\$nil
Performance hurdles	Relative TSR	Expected life	2.75 years
Performance period start	1 October 2020	Volatility	36.13%
Performance period end	30 June 2023	Risk-free interest rate (per annum)	0.19%
Security price at grant date	\$2.62	Dividend/distribution yield (per annum)	3.47%

The valuation of rights is conducted by an independent advisor. The fair value is determined using a Monte Carlo simulation.

12 EQUITY INSTRUMENT DISCLOSURES RELATING TO EXECUTIVE KMP

SECURITYHOLDINGS

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

As at 30 June 2021, the number of ordinary securities in Mirvac held by Executive KMP, including their personally related parties, is set out below:

Executive KMP	Balance 1 July 2020	Changes	Balance 30 June 2021	Value 30 June 2020 \$	Minimum securityholding guideline \$	Date securityholding to be attained ¹
Susan Lloyd-Hurwitz	4,402,940	617,738	5,020,678	14,660,380	2,250,000	June 2021
Brett Draffen	845,000	—	845,000	2,467,400	950,000	June 2021
Campbell Hanan	465,428	(45,084)	420,344	1,227,404	950,000	June 2021
Stuart Penklis ²	74,099	141,628	215,727	629,923	800,000	May 2022
Courtenay Smith ³	—	—	—	—	800,000	March 2026

1. Attainment date is based on the minimum securityholding requirement effective from FY19.

2. Stuart Penklis has five years from the date he became an Executive KMP in May 2017, to build up his securityholding to the expected level.

3. Courtenay Smith has five years from the date she commenced in March 2021 to build up her securityholding to the expected level.

OPTIONS

No options (i.e. a right to acquire a security upon payment of an exercise price) were granted as remuneration during FY21 and no unvested or unexercised options are held by Executive KMP as at 30 June 2021.

Remuneration Report

Continued

PERFORMANCE RIGHTS HELD DURING THE YEAR

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

Executive KMP	Balance 1 July 2020	LTP		Deferred STI		Balance 30 June 2021
		Rights issued	Rights vested/ forfeited relating to performance period ended 30 June 2021	Rights issued	Rights vested/ forfeited	
Susan Lloyd-Hurwitz	2,149,864	1,017,412	(1,159,793)	—	(157,126)	1,850,357
Brett Draffen	874,524	386,616	(440,721)	—	(100,918)	719,501
Campbell Hanan	448,471	214,787	(206,185)	—	(75,369)	381,704
Stuart Penklis	443,080	180,873	(206,185)	—	(69,978)	347,790
Courtenay Smith	—	90,436	—	90,436	—	180,872

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

Executive KMP	Plan	Grant date	Number of rights granted	Value at grant date ¹	Vesting date	Vested			Lapsed		
						Number of rights	% of total grant	Value of rights	Number of rights	% of total grant	Value of rights
Susan Lloyd-Hurwitz	STI	1 Oct 18	94,727	204,610	30 Sep 20	94,727	100%	204,610	—	0%	—
	LTP	3 Dec 18	1,159,793	1,433,041	30 Jun 21	880,978	76%	1,089,111	278,815	24%	343,930
	STI	30 Sep 19	62,399	183,838	30 Sep 20	62,399	100%	183,838	—	0%	—
	STI	30 Sep 19	62,398	176,996	30 Sep 21	—	—	—	—	—	—
	LTP	2 Dec 19	770,547	1,684,444	30 Jun 22	—	—	—	—	—	—
	LTP	3 Dec 20	1,017,412	1,649,225	30 Jun 23	—	—	—	—	—	—
Total			3,167,276	5,332,154		1,038,104		1,477,559	278,815		343,930
Brett Draffen	STI	1 Oct 18	60,841	131,417	30 Sep 20	60,841	100%	131,417	—	0%	—
	LTP	3 Dec 18	440,721	544,556	30 Jun 21	334,771	76%	413,863	105,950	24%	130,693
	STI	30 Sep 19	40,077	118,074	30 Sep 20	40,077	100%	118,074	—	0%	—
	STI	30 Sep 19	40,077	113,681	30 Sep 21	—	—	—	—	—	—
	LTP	2 Dec 19	292,808	640,089	30 Jun 22	—	—	—	—	—	—
	LTP	3 Dec 20	386,616	626,705	30 Jun 23	—	—	—	—	—	—
Total			1,261,140	2,174,522		435,689		663,354	105,950		130,693
Campbell Hanan	STI	1 Oct 18	45,438	98,146	30 Sep 20	45,438	100%	98,146	—	0%	—
	LTP	3 Dec 18	206,185	254,762	30 Jun 21	156,617	76%	193,619	49,568	24%	61,143
	STI	30 Sep 19	29,931	88,182	30 Sep 20	29,931	100%	88,182	—	0%	—
	STI	30 Sep 19	29,931	84,901	30 Sep 21	—	—	—	—	—	—
	LTP	2 Dec 19	136,986	299,457	30 Jun 22	—	—	—	—	—	—
	LTP	3 Dec 20	214,787	348,170	30 Jun 23	—	—	—	—	—	—
Total			663,258	1,173,618		231,986		379,947	49,568		61,143
Stuart Penklis	STI	1 Oct 18	40,047	86,502	30 Sep 20	40,047	100%	86,502	—	0%	—
	LTP	3 Dec 18	206,185	254,762	30 Jun 21	156,617	76%	193,619	49,568	24%	61,143
	STI	30 Sep 19	29,931	88,182	30 Sep 20	29,931	100%	88,182	—	0%	—
	STI	30 Sep 19	29,931	84,901	30 Sep 21	—	—	—	—	—	—
	LTP	2 Dec 19	136,986	299,457	30 Jun 22	—	—	—	—	—	—
	LTP	3 Dec 20	180,873	293,195	30 Jun 23	—	—	—	—	—	—
Total			623,953	1,106,999		226,595		368,303	49,568		61,143
Courtenay Smith ²	STI	26 Mar 21	45,218	106,579	8 Mar 22	—	—	—	—	—	—
	STI	26 Mar 21	45,218	103,233	8 Mar 23	—	—	—	—	—	—
	LTP	26 Mar 21	90,436	127,515	30 Jun 23	—	—	—	—	—	—
Total			180,872	337,327		—		—	—		—

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

2. Awards granted on 26 March 2021 relate to equity granted upon commencement.

13 OTHER TRANSACTIONS WITH KMP

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

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

14 SERVICE AGREEMENTS FOR EXECUTIVE KMP

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

There were no changes to the service agreements for Executive KMP in FY21.

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

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

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

15 GOVERNANCE AND HOW REMUNERATION DECISIONS ARE MADE

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



Remuneration Report

Continued

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

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

During FY21, EY provided the HRC with:

- > market remuneration data and information, used as an input to the annual review of Executive KMP remuneration; and
- > regulatory updates and market trend analysis.

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

16 NON-EXECUTIVE DIRECTORS' REMUNERATION

APPROACH TO NON-EXECUTIVE DIRECTOR FEES

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

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

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

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

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

The schedule of fees for Non-Executive Directors during FY21 is set out in the table below and fees are annual fees inclusive of superannuation, unless otherwise stated:

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

1. Chair fee covers all Board and committee responsibilities.

2. A single committee fee is paid once for all committee memberships.

ACTUAL REMUNERATION FOR NON-EXECUTIVE DIRECTORS

All Non-Executive Directors took a voluntary 20 per cent reduction in fees for a three-month period, from 1 April to 30 June 2020.

	Year	Short-term benefits	Post-employment ²	Total
		Cash salary and fees ¹	Superannuation contributions	
		\$	\$	\$
Non-Executive Directors				
John Mulcahy	FY21	458,306	21,694	480,000
	FY20	434,997	21,003	456,000
Christine Bartlett ³	FY21	202,240	19,213	221,453
	FY20	176,119	16,731	192,850
Jane Hewitt	FY21	185,388	17,612	203,000
	FY20	176,119	16,731	192,850
James M. Millar AM	FY21	212,785	20,215	233,000
	FY20	202,146	19,204	221,350
Samantha Mostyn AO	FY21	188,911	14,089	203,000
	FY20	179,641	13,209	192,850
Peter Nash	FY21	189,791	13,209	203,000
	FY20	180,522	12,328	192,850
Robert Sindel ⁴	FY21	160,302	15,229	175,531
	FY20	—	—	—

Former Non-Executive Director

Peter Hawkins ⁵	FY21	82,750	7,861	90,611
	FY20	202,146	19,204	221,350
Total	FY21	1,680,473	129,122	1,809,595
	FY20	1,551,690	118,410	1,670,100

1. FY20 includes the 20 per cent voluntary reduction in fees for a three-month period, from 1 April 2020 to 30 June 2020 in response to the COVID-19 pandemic.

2. Relates to payments required under superannuation legislation.

3. Christine Bartlett was appointed Chair of the HRC on 19 November 2020.

4. Robert Sindel joined the Board as a Non-Executive Director on 1 September 2020, and was appointed Chair of the HSE&S Committee on 15 April 2021.

5. Peter Hawkins ceased as a Non-Executive Director on 19 November 2020. In addition to the above fees, he received farewell gift (a non-cash benefit to the value of \$1,104).

MINIMUM SECURITYHOLDING FOR NON-EXECUTIVE DIRECTORS AND ACTUAL SECURITYHOLDING

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

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

	Balance 1 July 2020	Changes	Balance 30 June 2021	Minimum securityholding requirement	Date securityholding to be attained
Non-Executive Directors					
John Mulcahy	105,172	—	105,172	50,000	December 2020
Christine Bartlett	55,172	10,000	65,172	50,000	December 2020
Jane Hewitt	20,000	30,000	50,000	50,000	December 2021
James M. Millar AM	55,172	—	55,172	50,000	December 2020
Samantha Mostyn AO	48,705	25,340	74,045	50,000	December 2020
Peter Nash	33,448	31,675	65,123	50,000	November 2021
Robert Sindel ¹	—	70,000	70,000	50,000	September 2023
Former Non-Executive Director					
Peter Hawkins ²	596,117	(596,117)	—		

1. Robert Sindel joined the Board as a Non-Executive Director on 1 September 2020.

2. Peter Hawkins ceased as a Non-Executive Director on 19 November 2020. The above change reflects that Mirvac are no longer required to report the securityholding balance of a Non-Executive Director after cessation.

17 ADDITIONAL REQUIRED DISCLOSURES

OTHER BENEFITS

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

Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac developed residential property. These transactions are made on terms equivalent to those that prevail in arm's length transactions and are at market rates.

TERMS USED IN THIS REMUNERATION REPORT

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

Auditor's independence declaration

For the year ended 30 June 2021



Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2021, 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.

A handwritten signature in black ink, appearing to read 'V. Papageorgiou'.

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
12 August 2021

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Financial report

For the year ended 30 June 2021

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Consolidated statement of comprehensive income

For the year ended 30 June 2021

	Note	2021 \$m	Restated 2020 \$m
Revenue	B2	1,808	2,116
Other income			
Revaluation of investment properties	C2	392	14
Share of net profit of joint ventures and associates	C3	109	131
Gain on sale of assets		2	15
Gain on financial instruments	B2	68	36
Total revenue and other income		2,379	2,312
Development expenses		779	1,020
Cost of goods sold interest		17	17
Inventory write-downs and losses	B3	12	30
Selling and marketing expenses		34	38
Investment property expenses and outgoings	B3	200	187
Depreciation and amortisation expenses		71	68
Impairment loss on receivables	B3	20	51
Employee and other expenses	B3	177	166
Finance costs	B3	112	119
Loss on financial instruments	B3	23	33
Profit before income tax		934	583
Income tax expense	B5	35	20
Profit from continuing operations		899	563
Profit/(loss) for the year is attributable to:			
Stapled securityholders	B1	901	558
Non-controlling interests		(2)	5
Other comprehensive (loss)/income that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	E3	(16)	9
Other comprehensive (loss)/income for the year		(16)	9
Total comprehensive income for the year		883	572
Total comprehensive income for the year is attributable to:			
Stapled securityholders		885	567
Non-controlling interests	G3	(2)	5
		883	572
Earnings per stapled security (EPS) attributable to stapled securityholders		Cents	Cents
Basic EPS	H2	22.9	14.2
Diluted EPS	H2	22.9	14.2

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

The comparative amounts have been restated due to the change in accounting policy applied retrospectively. Refer to note A Basis of preparation.

Consolidated statement of financial position

As at 30 June 2021

	Note	2021 \$m	Restated 2020 \$m
Current assets			
Cash and cash equivalents		117	324
Receivables	F1	117	275
Inventories	C4	632	444
Other assets		43	37
Assets classified as held for sale	C2	133	—
Total current assets		1,042	1,080
Non-current assets			
Receivables	F1	97	128
Inventories	C4	1,461	1,240
Investment properties	C2	11,821	11,167
Investments in joint ventures and associates	C3	783	744
Derivative financial assets	D3	248	607
Other financial assets	F2	78	68
Other assets		222	158
Property, plant and equipment		11	17
Right-of-use assets	F6	17	21
Intangible assets	F3	78	78
Deferred tax assets	B5	55	82
Total non-current assets		14,871	14,310
Total assets		15,913	15,390
Current liabilities			
Payables	F4	503	373
Deferred revenue	B2	54	26
Borrowings	D2	—	200
Derivative financial liabilities	D3	5	4
Lease liabilities		4	4
Provisions	F5	223	142
Total current liabilities		789	749
Non-current liabilities			
Payables	F4	367	125
Deferred revenue	B2	1	70
Borrowings	D2	3,922	4,100
Lease liabilities		64	68
Derivative financial liabilities	D3	99	131
Provisions	F5	12	6
Total non-current liabilities		4,465	4,500
Total liabilities		5,254	5,249
Net assets		10,659	10,141
Equity			
Contributed equity	E2	7,510	7,503
Reserves	E3	13	28
Retained earnings		3,070	2,559
Total equity attributable to the stapled securityholders		10,593	10,090
Non-controlling interests	G3	66	51
Total equity		10,659	10,141

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

The comparative amounts have been restated due to the change in accounting policy applied retrospectively. Refer to note A Basis of preparation.

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Note	Attributable to stapled securityholders				Non-controlling interests \$m	Total equity \$m
		Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total \$m		
Balance 30 June 2019		7,444	23	2,375	9,842	31	9,873
Change in accounting policy	A	—	—	(17)	(17)	—	(17)
Restated total equity 1 July 2019		7,444	23	2,358	9,825	31	9,856
Profit for the year		—	—	558	558	5	563
Other comprehensive income for the year		—	9	—	9	—	9
Total comprehensive income for the year		—	9	558	567	5	572
Transactions with owners of the Group							
Security-based payments							
Expense recognised – EEP	E2	1	—	—	1	—	1
Expense recognised – LTI and STI	E2/E4	—	9	—	9	—	9
LTI vested	E2/E4	11	(11)	—	—	—	—
STI vested	E2/E4	—	(2)	—	(2)	—	(2)
Legacy schemes vested	E2	1	—	—	1	—	1
Distributions	E1	—	—	(357)	(357)	—	(357)
Stapled securities issued	E2	46	—	—	46	—	46
Non-controlling interests of subsidiary	G3	—	—	—	—	15	15
Total transactions with owners of the Group		59	(4)	(357)	(302)	15	(287)
Balance 30 June 2020		7,503	28	2,559	10,090	51	10,141
Balance 1 July 2020		7,503	28	2,559	10,090	51	10,141
Profit for the year		—	—	901	901	(2)	899
Other comprehensive loss for the year		—	(16)	—	(16)	—	(16)
Total comprehensive income for the year		—	(16)	901	885	(2)	883
Transactions with owners of the Group							
Security-based payments							
Expense recognised – EEP	E2	1	—	—	1	—	1
Expense recognised – LTI and STI	E2/E4	—	9	—	9	—	9
LTI vested	E2/E4	6	(7)	—	(1)	—	(1)
STI vested	E2/E4	—	(1)	—	(1)	—	(1)
Distributions	E1	—	—	(390)	(390)	—	(390)
Non-controlling interests of subsidiary	G3	—	—	—	—	17	17
Total transactions with owners of the Group		7	1	(390)	(382)	17	(365)
Balance 30 June 2021		7,510	13	3,070	10,593	66	10,659

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

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	2021 \$m	Restated 2020 \$m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,221	2,205
Payments to suppliers and employees (inclusive of GST)		(1,533)	(1,769)
		688	436
Interest received		6	12
Distributions received from joint ventures and associates		84	156
Distributions received		1	1
Interest paid		(144)	(155)
Net cash inflows from operating activities	H4	635	450
Cash flows from investing activities			
Payments for investment properties		(631)	(696)
Proceeds from sale of investment properties		85	68
Payments to related parties		—	(243)
Receipts from related parties		—	317
Payments of loans to unrelated parties		—	(42)
Repayments of loans from unrelated parties		51	23
Payments for property, plant and equipment		(3)	(4)
Contributions to joint ventures and associates		(12)	(16)
Proceeds from joint ventures and associates		5	134
Payments for software under development		(2)	—
Payments for investments		(2)	—
Proceeds from financial assets		—	1
Net cash outflows from investing activities		(509)	(458)
Cash flows from financing activities			
Proceeds from borrowings		2,224	2,115
Repayments of borrowings		(2,264)	(1,488)
Distributions paid		(307)	(486)
Proceeds from stapled securities issued		1	46
Equity raising costs		—	(1)
Proceeds from non-controlling interests		17	15
Principal element of lease payments		(4)	(3)
Net cash (outflows)/inflows from financing activities		(333)	198
Net (decrease)/increase in cash and cash equivalents		(207)	190
Cash and cash equivalents at the beginning of the year		324	134
Cash and cash equivalents at the end of the year		117	324

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

The comparative amounts have been restated due to the change in accounting policy applied retrospectively. Refer to note A Basis of preparation.

A Basis of preparation

MIRVAC GROUP – STAPLED SECURITIES

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

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

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

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

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

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

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

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



IMPACT OF COVID-19 ON THE GROUP

The Group has navigated through a period of change and has demonstrated its adaptability to the rapidly changing conditions in which it operates. The June and July 2021 lock downs across the country, and in particular in NSW, have seen non-essential businesses into forced closure and the mandatory cessation of construction for two weeks. This latest outbreak draws upon the lessons learned in the prior year and the Group faced the challenges presented once again by the pandemic, however this time with a deeper understanding of the impacts across its tenants, customers and employees. Experts are confident that the vaccination roll out across the country will see the easing of restrictions and a solid level of activity return, albeit this will take some time.

The Group has considered the continuing impact of the COVID-19 pandemic in preparing its annual report. As in the prior year, the impact of COVID-19 increases the level of judgement required across the Group's key judgement areas, in particular the measurement of the assets of the Group. Further details are outlined in the following sections of this financial report:



Investment properties

Refer to note C1 & C2



Inventories

Refer to note C4



Receivables

Refer to note F1

COMPARATIVE INFORMATION

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

Specifically, the Group has made the following restatements in relation to the 30 June 2020 comparative amounts:

- > **B1 Segment information:** Mirvac's segments have been realigned following changes to its Executive Leadership Team (ELT) and adjustments to its organisation structure to enhance and maximise operating efficiencies. This restatement is presentational in nature and had no impact to the reported net assets or profit for the year ended 30 June 2020. Refer to B1 Segment information for further information.
- > **Software-as-a-Service (SaaS) arrangements:** Mirvac changed its accounting policy in response to the IFRIC agenda decision on SaaS arrangements. The change in accounting policy has been applied retrospectively and comparative amounts have been restated. Refer to the *Change in accounting policy* section for further information below on the impact of the restatement on the reported consolidated financial statements for the year ended 30 June 2020.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Amended standards and interpretations adopted by the Group for the year ended 30 June 2021 have not had a significant impact on the current period or any prior period and are not likely to have a significant impact in future periods. These are listed below:

- > AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- > AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- > Revised Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- > AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 7, AASB 9 and AASB 139].

CHANGE IN ACCOUNTING POLICY

This section explains the change in accounting policy on the Group's financial statements and discloses the new accounting policy that have been applied retrospectively.

Accounting standard	Software-as-a-Service (SaaS) arrangements
Nature of change	During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.
Application	Mirvac has adopted the change in accounting policy retrospectively and comparative amounts have been restated from the earliest period presented, commencing from 1 July 2019. Historical financial information has been restated to account for the impact of the change.
Impact on financial statements	SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as an expense when the services are received. Determination whether configuration and customisation services are distinct from the SaaS access Costs incurred to configure or customise the cloud provider's application software that do not result in intangible assets controlled by the Group are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the services are assessed to determine if they are distinct. Where the services are not distinct, the configuration and customisation costs incurred are capitalised on the consolidated SoFP as a prepayment and expensed over the expected renewable term of the agreement. As at 30 June 2021, the Group recognised \$4m (2020: nil) as a prepayment in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS over the contract term. The Group also recognised \$15m (2020: \$8m) of expenses for configuration and customisation costs incurred during the year. Financial statement impact on adoption at 1 July 2019 Historical financial information has been restated to account for the impact of the change in accounting policy. There is an opening retained earnings adjustment as at 1 July 2019 of \$17m resulting from the Group's adoption of the change in accounting policy.

A Basis of preparation

Continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)

The following table shows the adjustments for the change in accounting policy as recognised for each individual financial statement line item in the consolidated SoCI for the year ended 30 June 2020. These adjustments include:

- > reversal of amortisation expense; and
- > recognition of an expense for configuration and customisation costs incurred.

Line items that were not affected by the change have been included within "all other". There was no change to the FY20 basic or diluted EPS of 14.2 cps.

	30 June 2020 As originally presented \$m	Total impact \$m	30 June 2020 Restated \$m
Total revenue and other income	2,312	—	2,312
Depreciation and amortisation expenses	76	(8)	68
Employee and other expenses	158	8	166
All other expenses	1,495	—	1,495
Profit before income tax	583	—	583
Income tax expense	(20)	—	(20)
Profit from continuing operations	563	—	563
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income for the year	9	—	9
Total comprehensive income for the year	572	—	572

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

The following table shows the adjustments for the change in accounting policy as recognised for each individual financial statement line item in the consolidated SoFP. These adjustments include:

- > derecognition of software intangible assets;
- > retained earnings impact; and
- > associated taxation adjustments.

Line items that were not affected by the change have been included within “all other”.

	30 June 2020 As originally presented \$m	Total impact \$m	30 June 2020 Restated \$m
Current assets			
All other current assets	1,080	—	1,080
Total current assets	1,080	—	1,080
Non-current assets			
Intangible assets	102	(24)	78
Deferred tax assets	75	7	82
All other non-current assets	14,150	—	14,150
Total non-current assets	14,327	(17)	14,310
Total assets	15,407	(17)	15,390
Current liabilities			
All other current liabilities	749	—	749
Total current liabilities	749	—	749
Non-current liabilities			
All other non-current liabilities	4,500	—	4,500
Total non-current liabilities	4,500	—	4,500
Total liabilities	5,249	—	5,249
Net assets	10,158	(17)	10,141
Equity			
Retained earnings	2,576	(17)	2,559
All other equity	7,582	—	7,582
Total equity	10,158	(17)	10,141

A Basis of preparation

Continued

CONSOLIDATED STATEMENT OF CASH FLOWS

The following table shows the adjustments for the change in accounting policy as recognised for each individual financial statement line item in the consolidated SoCF. These adjustments include:

- > recognition of payments to suppliers and employees for the software as a service arrangements in operating cash flows; and
- > derecognition of payments for software under development in investing cash flows.

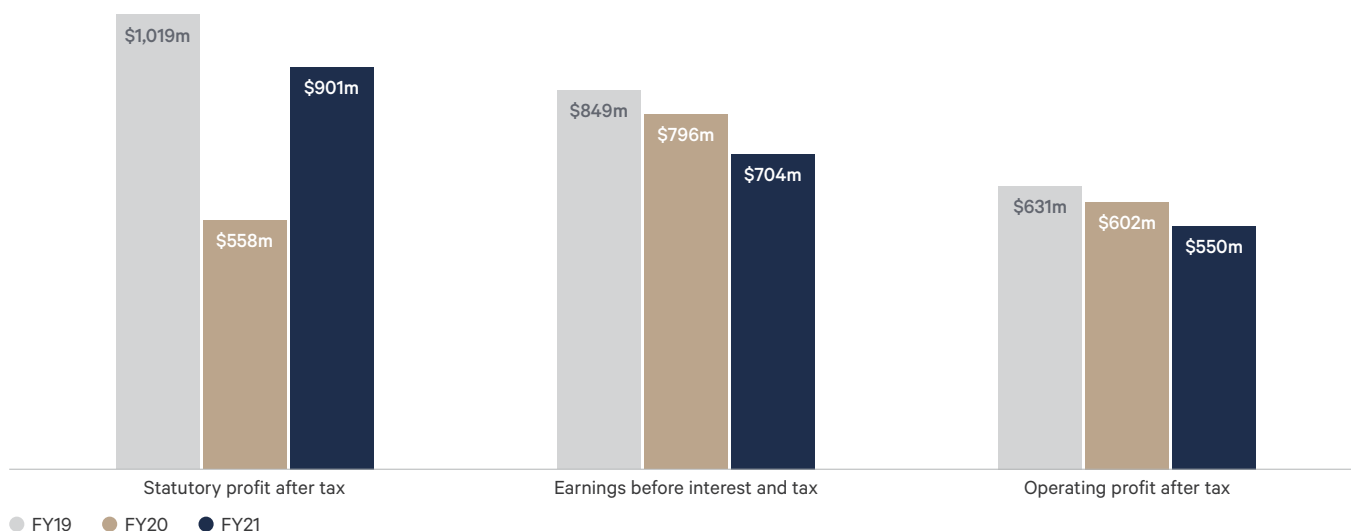
Line items that were not affected by the change have been included within “all other”.

	30 June 2020 As originally presented \$m	Total impact \$m	30 June 2020 Restated \$m
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)	(1,764)	(5)	(1,769)
All other operating cashflows	2,219	—	2,219
Net cash inflows from operating activities	455	(5)	450
Cash flows from investing activities			
Payments for software under development	(5)	5	—
All other investing cashflows	(458)	—	(458)
Net cash outflows from investing activities	(463)	5	(458)
Cash flows from financing activities			
Net cash inflows from financing activities	198	—	198
Net increase in cash and cash equivalents	190	—	190
Cash and cash equivalents at the beginning of the year	134	—	134
Cash and cash equivalents at the end of the year	324	—	324

B Results for the year

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

THREE-YEAR PERFORMANCE REVIEW



B1 SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reporting provided to the ELT, who are the Group's chief operating decision makers. Mirvac's segments have been realigned effective 1 October 2020, following changes to its ELT and adjustments to its organisation structure to enhance and maximise operating efficiencies. The new segments are: Integrated Investment Portfolio, Commercial & Mixed Use and Residential.

Comparative information has been restated to conform to the change in segments. The restatement is presentational in nature and had no impact to the reported net assets or profit for the year ended 30 June 2020.

The Group's operating segments are as follows:



Integrated Investment Portfolio

Manages the office, industrial, retail and build to rent property portfolio to produce rental income and capital appreciation.

This segment also manages joint ventures and associates, properties and funds for capital partners.



Commercial & Mixed Use

This segment designs, develops and constructs office buildings, industrial warehouses, retail precincts, build to rent apartments and mixed-use offerings which leverages Mirvac's multi asset expertise, unlocking value and realising synergies across its operations. The Group's commercial and mixed-use pipeline is primarily held in capital efficient structures providing flexibility and future value.



Residential

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

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

B Results for the year

Continued

B1 SEGMENT INFORMATION continued

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

KEY PROFIT METRICS

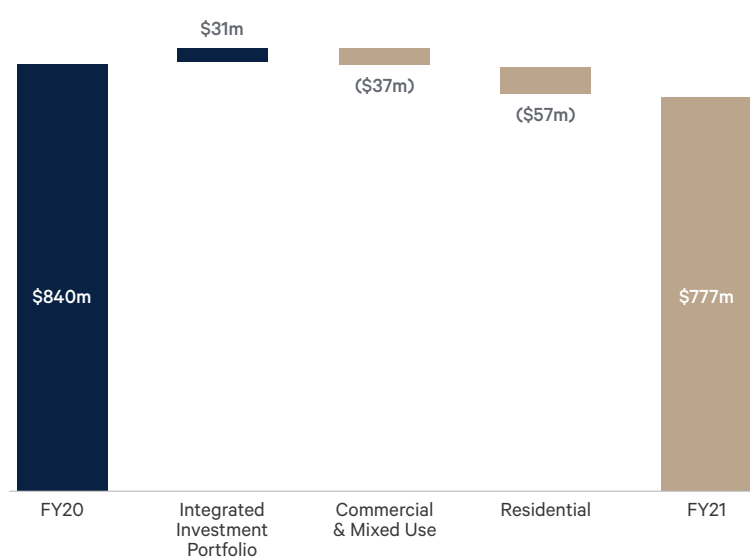
	2021 \$m	2020 \$m
Investment		
Integrated Investment Portfolio NOI	581	554
Asset and funds management EBIT	30	28
Management and administration expenses	(35)	(37)
Investment EBIT	576	545
Development		
Commercial & Mixed Use	33	70
Residential	168	225
Development EBIT	201	295
Segment EBIT¹	777	840
Unallocated overheads	(73)	(44)
Group EBIT	704	796
Net financing costs ²	(124)	(124)
Operating income tax expense	(30)	(70)
Operating profit after tax	550	602
Development revaluation gain ³	121	64
Investment property revaluation	274	(50)
Other non-operating items	(44)	(58)
Statutory profit attributable to stapled securityholders	901	558

1. EBIT includes share of net profit of joint ventures and associates.

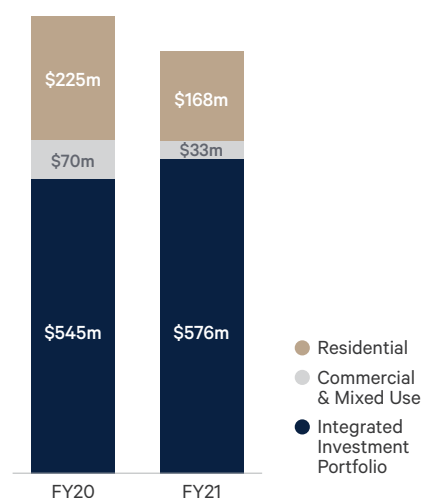
2. Includes cost of goods sold interest of \$1m for Commercial & Mixed Use (2020: \$2m) and \$16m for Residential (2020: \$15m) and interest revenue of \$5m (2020: \$12m).

3. Relates to the fair value gain on IPUC nearing completion (Locomotive Workshop, South Eveleigh NSW) and the initial fair value uplift from the independent valuations of recently completed investment property (The Foundry, South Eveleigh Precinct, Eveleigh NSW; 477 Collins Street, Melbourne, VIC) (2020: 477 Collins Street, Melbourne VIC; The Foundry, South Eveleigh Precinct, Eveleigh NSW).

Segment EBIT: FY20 to FY21



EBIT by segment



REVENUE BY FUNCTION

	Segments									
	Investment		Development							
	Integrated Investment Portfolio		Commercial & Mixed Use		Residential		Unallocated		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Property rental revenue	781	771	—	—	—	—	—	—	781	771
Development revenue ¹	—	—	183	376	821	917	—	—	1,004	1,293
Asset and funds management revenue ²	43	30	—	—	—	—	—	—	43	30
Other revenue	10	12	2	5	13	9	6	23	31	49
Total operating revenue	834	813	185	381	834	926	6	23	1,859	2,143
Share of net profit/(loss) of joint ventures and associates	27	37	—	—	55	125	(1)	(1)	81	161
Other income	27	37	—	—	55	125	(1)	(1)	81	161
Total operating revenue and other income	861	850	185	381	889	1,051	5	22	1,940	2,304
Non-operating items ³	379	(20)	—	—	—	—	60	28	439	8
Total statutory revenue and other income	1,240	830	185	381	889	1,051	65	50	2,379	2,312

1. Includes development management fees.

2. Property management revenue incurred on the Group's investment properties of \$20m (2020: \$17m) has been eliminated on consolidation.

3. Relates mainly to fair value of investment properties and investment properties under construction.

ADDITIONAL SEGMENT INFORMATION

	Segments									
	Investment		Development						Total	
	Integrated Investment Portfolio		Commercial & Mixed Use		Residential		Unallocated			
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	Restated 2020 \$m
Segment assets and liabilities										
Assets										
Investment properties	11,821	11,167	—	—	—	—	—	—	11,821	11,167
Inventories	—	—	326	148	1,767	1,536	—	—	2,093	1,684
Assets held for sale	133	—	—	—	—	—	—	—	133	—
Indirect investments ¹	949	859	23	7	164	182	14	14	1,150	1,062
Other assets	117	117	31	149	46	57	522	1,154	716	1,477
Total assets	13,020	12,143	380	304	1,977	1,775	536	1,168	15,913	15,390
Total liabilities	375	300	150	150	399	253	4,330	4,546	5,254	5,249
Net assets	12,645	11,843	230	154	1,578	1,522	(3,794)	(3,378)	10,659	10,141
Other segment information										
Share of net profit/(loss) of joint ventures and associates	55	7	—	—	55	125	(1)	(1)	109	131
Depreciation and amortisation expenses	62	58	—	—	1	1	8	9	71	68
Additions for investment properties and PPE	657	686	—	—	—	1	1	3	658	690
Additions of investments in joint ventures and associates	1	—	11	14	—	—	—	—	12	14

1. Includes carrying value of investments in joint ventures and associates and other indirect investments.

B Results for the year

Continued

B1 SEGMENT INFORMATION continued

RECONCILIATION OF STATUTORY PROFIT TO OPERATING PROFIT AFTER TAX

The following table shows how profit for the year attributable to stapled securityholders reconciles to operating profit after tax:

	Segments				2021 Total \$m	2020 Total \$m
	Investment	Development				
	Integrated Investment Portfolio \$m	Commercial & Mixed Use \$m	Residential \$m	Unallocated \$m		
Profit for the year attributable to stapled securityholders	895	32	140	(166)	901	558
Exclude specific non-cash items						
Revaluation of investment properties ¹	(392)	—	—	—	(392)	(14)
Net gain on financial instruments	(8)	—	—	(37)	(45)	(3)
Depreciation for right-of-use assets	—	—	—	4	4	4
Straight-lining of lease revenue ²	(12)	—	—	—	(12)	(9)
Amortisation of lease incentives and leasing costs	125	—	—	—	125	92
Share of net (profit)/loss of joint ventures and associates relating to movement of non-cash items ³	(28)	—	—	—	(28)	30
AASB 16 Leases – net movement	—	—	—	(4)	(4)	(4)
Exclude other non-operating items						
Net gain from sale of assets	(2)	—	—	—	(2)	(15)
Provision for impairment of inventories	—	—	—	—	—	7
Net (loss)/gain from fair value of investment properties included in non-controlling interests	(2)	—	—	—	(2)	6
Tax effect						
Tax effect of non-operating adjustments ⁴	—	—	—	5	5	(50)
Operating profit after tax	576	32	140	(198)	550	602
SaaS implementation costs ⁵	2	1	2	10	15	8
FFO	578	33	142	(188)	565	610

1. Includes development revaluation gain and excludes Mirvac's share in the JVA revaluation of investment properties which is included within Share of net profit of joint ventures and associates.

2. Included within Revenue.

3. Included within Share of net profit of joint ventures and associates.

4. Included within Income tax expense.

5. Adjustment for the configuration and customisation costs incurred in implementing SaaS arrangements in accordance with the Property Council of Australia's *Interim Guidance Note 2021-1* – *An interim guide to Software as a Service implementation costs* issued in June 2021.

B2 REVENUE

The Group has two main revenue streams; property rental revenue and development revenue. Property rental revenue comes from holding properties as investment properties and earning rental yields over time. Development revenue is derived from constructing and selling properties as well as management developments for third parties and capital partners.

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



PROPERTY RENTAL REVENUE

Lease revenue

The Group invests in properties for rental yields and capital appreciation. Rental revenue from investment properties is recognised on a straight-line basis over the lease term, net of any incentives. Modifications to the leases are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Service revenue

The Group also provides services to the lessees which primarily consist of general building management and operations in accordance with their lease agreements. Service income, representing the recovery of associated costs from the lessees, is recognised over time when the services are provided.



Asset and funds management revenue

The Group provides property management and leasing, investment funds management, and facilities management services. These services are provided on an ongoing basis and over the term of the agreements. The management fees are generally calculated based upon the value of the managed assets which is a variable consideration and recognised upon delivery of services.



DEVELOPMENT REVENUE

Settlement revenue

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

Development management service revenue

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

Construction service revenue

The Group provides services to construct office, industrial, retail and residential buildings or a combination thereof as mixed-use on customer-owned land.

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

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



Deferred revenue

Some development contracts are funded by a capital partner throughout the life of the project or construction phase, generally known as fund through projects. Payments received for these projects are recognised as deferred revenue which is classified as a liability in the consolidated SoFP. Deferred revenue is recognised in the consolidated SoCI when the performance obligations are satisfied. The recognition of deferred revenue is contractually-based. Judgement is required in determining whether performance obligations have been satisfied for the recognition of the associated revenue.

At 30 June 2021, the Group held \$55m of deferred revenue which mainly related to 80 Ann St, Brisbane (2020: \$96m mainly relating to 80 Ann Street, Brisbane QLD and Green Square, Sydney NSW).

During the year, the Group recognised \$49m in revenue from contracts for which deferred revenue was held at the beginning of the financial year (2020: \$193m).



Government grants

In the prior year, the Group was in receipt of the JobKeeper government wage subsidy that was made available to businesses that had been impacted by COVID-19. This subsidy was recognised by the Group as revenue and included within Other income on an accruals basis. There were no unfulfilled conditions or other contingencies in respect of the grant recognised.

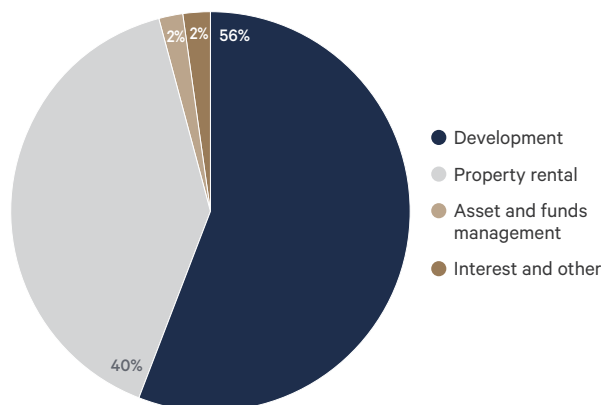
In the current year, the Group has not recognised any revenue relating to the JobKeeper government wage subsidy.

B Results for the year

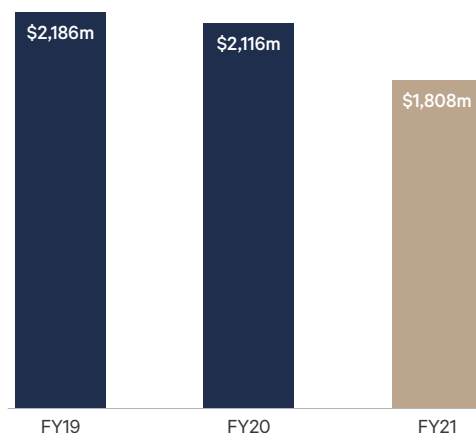
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B2 REVENUE continued

FY21 Revenue by function



Revenue: FY19 to FY21



	2021 \$m	2020 \$m
Revenue		
Lease revenue ¹	618	640
Service revenue	113	104
Total property rental revenue	731	744
Asset and funds management revenue	43	30
Settlement revenue	623	574
Development and construction management services revenue	381	719
Total development revenue	1,004	1,293
Interest revenue	5	12
Other revenue ²	25	37
Total revenue	1,808	2,116

1. Includes straight-lining of lease revenue of \$12m (2020: \$10m).

2. Includes \$nil of government grants relating to JobKeeper wage subsidy (2020: \$9m).

Costs to obtain a contract

Sales commissions, incurred to obtain a contract, are capitalised and included within other assets on the consolidated SoFP and expensed when the associated settlement revenue is recognised.

	2021 \$m	2020 \$m
Expensed during the period ¹	17	18
Incremental costs to obtain a contract		
Current	7	4
Non-current	4	4
Total incremental costs to obtain a contract	11	8

1. No impairment loss was recognised during the year (2020: \$nil).

TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATIONS

The transaction price allocated to partially unsatisfied performance obligations at 30 June 2021 is as set out below.

	2021 \$m	2020 \$m
Within one year	1,239	851
More than one year	259	515
Total	1,498	1,366

	2021 \$m	2020 \$m
Gain on financial instruments		
Gain on interest rate derivatives	57	—
Gain on assets at fair value through profit or loss	11	7
Gain on cross currency derivatives	—	29
Total gain on financial instruments	68	36

B3 EXPENSES**DEVELOPMENT EXPENSES**

Development expenses are initially capitalised as inventory on the consolidated SoFP until the associated revenue is recognised. These expenses include the costs of acquisition and development and all other costs directly related to the specific projects, including an allocation of direct overhead expenses.

COST OF GOODS SOLD INTEREST

Interest previously capitalised to incomplete inventory is expensed when the associated revenue is recognised. Upon completion of a project, borrowing costs and other holding charges are expensed as incurred.

SELLING AND MARKETING EXPENSES

Costs to promote and market projects are expensed as incurred. Direct costs incurred in obtaining a contract such as sales commissions are capitalised as a contract asset and included within other assets on the consolidated SoFP. These costs are expensed when the associated revenue is recognised.

INVESTMENT PROPERTY EXPENSES AND OUTGOINGS

Investment property expenses relate to those costs which are required to be incurred to allow for the occupation and maintenance of investment properties in order to continue to earn rental revenue. Expenses include statutory levies, insurance and other property outgoings and are recognised on an accruals basis.

DEPRECIATION AND AMORTISATION

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset, usually between 3-15 years. Amortisation on lease incentives, software and management rights is calculated on a straight-line basis over the estimated useful life of the asset.

B Results for the year

Continued

B3 EXPENSES continued

	2021 \$m	Restated 2020 \$m
Profit before income tax includes the following specific expenses:		
Total inventory write-downs and losses		
Provision for impairment of inventories	5	7
Inventory costs written off	7	23
Total inventory write-downs and losses	12	30
Total impairment loss on receivables		
Bad debts expense	—	10
Loss allowance on trade debtors	20	38
Loss allowance on loans receivable	—	3
Total impairment loss on receivables	20	51
Total employee and other expenses		
Employee benefits expenses	99	77
Security-based payments expense	10	12
Total employee expenses	109	89
Compliance, consulting and professional fees	16	23
Office and administration expenses	10	21
IT infrastructure and other expenses ¹	42	33
Total other expenses	68	77
Total employee and other expenses	177	166
Finance costs		
Interest paid/payable	136	148
Interest on lease liabilities	3	3
Interest capitalised ²	(32)	(35)
Borrowing costs amortised	5	3
Total finance costs	112	119
Add: cost of goods sold interest ³	17	17
Total interest and borrowing costs	129	136
Loss on financial instruments		
Loss on interest rate derivatives	23	33
Total loss on financial instruments	23	33

1. Includes employee benefits expenses \$10m (2020: \$4m) relating to the implementation of SaaS arrangements.

2. Relates to Integrated Investment Portfolio \$13m (2020: \$21m), Commercial and Mixed Use \$7m (2020: \$4m) and Residential \$12m (2020: \$10m).

3. This interest was previously capitalised and has been expensed in the current period. Relates to Residential \$16m (2020: \$15m) and Commercial & Mixed Use \$1m (2020: \$2m).

B4 EVENTS OCCURRING AFTER THE END OF THE YEAR

In July 2021, the NSW and Victorian State Governments implemented new restrictions in response to the increase in COVID-19 cases. These restrictions have not had a significant impact on the Group's operations to date and are not expected to have a material impact on the recoverability or fair value of the Group's assets.

On 23 July 2021, the Tucker Box Hotel Group entered into an agreement to dispose of its hotel portfolio for \$620m (before transaction costs and adjustments). The Tucker Box Hotel Group is a joint venture which is 50% owned by the Group. The Group's carrying value of the joint venture reflects the sale price as at 30 June 2021.

On 29 July 2021, the Group exercised its pre-emptive right to enter into an agreement with AMP Capital Wholesale Office Fund to purchase the remaining 50% of 200 George Street, Sydney NSW for \$579m. The Group's existing 50% of the investment property is reflective of the sales price at 30 June 2021. The Group also secured an aligned capital partner to co-own the office asset.

On 5 August 2021, the Group entered into an agreement to dispose of 49% of the units in Mirvac Locomotive Trust for \$231m.

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

B5 INCOME TAX

This section includes the Group's tax accounting policies and details of the income tax expense and deferred tax balances.

ACCOUNTING FOR INCOME TAX

Most of the Group's profit is earned by Mirvac Property Trust and its sub-trusts which are not subject to taxation, provided that the stapled securityholders of the Group are attributed the taxable income of the Mirvac Property Trust. Stapled securityholders are liable to pay tax at their effective tax rate on the amounts attributed.

Income tax expense for Mirvac Limited and its wholly-owned controlled entities is calculated at the applicable tax rate (currently 30 per cent in Australia). This is recognised in the profit for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises both current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year.

Accounting income is not always the same as taxable income, creating temporary differences. These differences usually reverse over time. Until they reverse, a deferred asset or liability is recognised on the consolidated SoFP. Deferred tax is not recognised on the initial recognition of goodwill. Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future.

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

MIRVAC LIMITED TAX CONSOLIDATED GROUP

Mirvac Limited and its wholly-owned controlled entities are in a tax consolidated group. The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mirvac Limited. Accordingly, the deferred tax assets and deferred tax liabilities are permitted to be offset in the consolidated SoFP.

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

INCOME TAX ANALYSIS

	2021 \$m	2020 \$m
Reconciliation to effective tax rate		
Profit before income tax	934	583
Add: Group elimination entries not subject to corporate taxation	—	2
Less: MPT profit not subject to taxation	(798)	(538)
Add/(less): Mirvac Ltd trust profits not subject to taxation ¹	2	(13)
Profit which is subject to taxation	138	34
Income tax expense calculated at 30%	41	10
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible/assessable equity accounted (profit)/losses	(8)	11
Other non-deductible/non-assessable items	2	(1)
	35	20
Income tax expense²	35	20
Effective tax rate³	31%	27%

1. Trust income that is not subject to corporate taxation as not wholly owned by the Mirvac Ltd tax consolidated group.

2. The income tax expense is represented by deferred tax expense only as no current tax expense has arisen for the period.

3. Effective tax rate is calculated as the income tax expense divided by the profit which is subject to taxation. The effective tax rate has been normalised by excluding equity accounted profits and losses on joint ventures and associates.

B Results for the year

Continued

B5 INCOME TAX continued

Reconciliation of income tax expense to tax paid	2021 \$m	2020 \$m
Income tax expense	35	20
Temporary differences		
Deferred revenue	(3)	(26)
Inventories	(6)	105
Unrealised derivative financial instrument revaluations	(3)	2
Unrealised foreign currency translation revaluations	(8)	(1)
Receivables	38	(40)
Right-of-use assets	2	2
Lease liabilities	(2)	(2)
Other temporary differences	17	(7)
Transfer from tax losses	(70)	(53)
Tax paid	—	—
Unrecognised tax and capital losses	2021 \$m	2020 \$m
Unused capital losses which have not been recognised as deferred tax assets due to uncertainty of utilisation ¹	214	214
Total unrecognised tax and capital losses	214	214
Potential tax benefit at 30 per cent	64	64

1. Unused capital losses can only be utilised against capital gains.

Movement in deferred tax	Balance 30 June 2019 as originally presented \$m	Recognised in retained earnings ¹ \$m	1 July 2019 restated \$m	Recognised in profit or loss \$m	Recognised in other comprehensive income \$m	Balance 30 June 2020 \$m	Recognised in profit or loss \$m	Recognised in other comprehensive income \$m	Balance 30 June 2021 \$m
Unearned gains and losses with joint ventures and associates	15	—	15	(7)	—	8	(1)	—	7
Accruals	24	—	24	(2)	—	22	8	—	30
Employee provisions and accruals	9	—	9	1	—	10	1	—	11
Deferred revenue	76	—	76	(26)	—	50	(3)	—	47
Derivative financial instruments	43	—	43	2	8	53	(3)	(6)	44
Impairment of loans to unrelated parties and ECL	—	—	—	1	—	1	6	—	7
PPE	1	—	1	1	—	2	(1)	—	1
Tax losses	167	—	167	(53)	—	114	(70)	—	44
Lease liabilities	28	—	28	(2)	—	26	(2)	—	24
Foreign exchange translation losses	101	—	101	(1)	72	172	(8)	(94)	70
Other	—	6	6	—	—	6	3	—	9
Deferred tax assets	464	6	470	(86)	80	464	(70)	(100)	294
Investments in joint ventures and associates	(7)	—	(7)	—	—	(7)	1	—	(6)
Inventories ²	(232)	—	(232)	105	—	(127)	(6)	—	(133)
Derivative financial instruments	(97)	—	(97)	—	(85)	(182)	—	108	(74)
Land and buildings	(1)	—	(1)	1	—	—	(3)	—	(3)
Prepayments	(5)	—	(5)	—	—	(5)	1	—	(4)
Receivables	(5)	—	(5)	(40)	—	(45)	38	—	(7)
Right-of-use assets	(14)	—	(14)	2	—	(12)	2	—	(10)
Other	(3)	1	(2)	(2)	—	(4)	2	—	(2)
Deferred tax liabilities	(364)	1	(363)	66	(85)	(382)	35	108	(239)
Net deferred tax assets	100	7	107	(20)	(5)	82	(35)	8	55

1. Relates to the change in accounting policy for SaaS arrangements which has been applied retrospectively. Comparative balances have been restated from the earliest period presented, commencing from 1 July 2019. Refer to Change in accounting policy section for further information.

2. Includes investment properties that are considered trading stock for tax purposes.

Deferred tax assets expected to be recovered after more than 12 months are \$263m (2020: \$362m).

C Property and development assets

This section includes investment properties, investments in joint ventures and associates and inventories. They represent the core assets of the business and drive the value of the Group.

C1 PROPERTY PORTFOLIO

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

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



INVESTMENT PROPERTIES

Investment properties are properties owned by Mirvac and not occupied by the Group. Investment properties include investment properties under construction, which will become investment properties once construction is completed.

Mirvac accounts for its investment properties at fair value and revaluations are recognised as Other income.



INVESTMENTS IN JOINT ARRANGEMENTS

Mirvac enters into arrangements with third parties to jointly own investment properties. If Mirvac has joint control over the activities and joint rights to the net assets of an arrangement held in a separate entity, then it is classified as a joint venture or associate (JVA). The JVA holds investment property at fair value and Mirvac recognises its share of the JVA's profit or loss as Other income.

Mirvac also holds joint operations with third parties whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.

For further details on accounting for JVAs, refer to note C3.



JUDGEMENTS IN FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

For all investment property that is measured at fair value, the existing use of the property is considered the highest and best use.

The fair values of properties are calculated using a combination of market sales comparison, discounted cash flow and capitalisation rate.

To assist with calculating reliable estimates, Mirvac uses independent valuers on a rotational basis. Approximately 25% of the portfolio is independently valued every six months, with management internally estimating the fair value of the remaining properties using estimation techniques by suitably qualified personnel. As at 30 June 2021, the Group undertook independent valuations covering 28% of its investment property portfolio, by value.

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

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

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

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

Capitalisation rate: The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date. The annual net income is based on contracted rents, market rents, operating costs and future income on vacant space. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market evidence and sales of comparable properties.

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

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

Note C2 explains the key inputs and sensitivity to changes in the measurement of fair value of investment properties.



LEASE INCENTIVES

The carrying amount of investment properties includes lease incentives provided to tenants. Lease incentives are capitalised and recognised on a straight-line basis over the lease term and do not change under AASB 16 Leases.

C Property and development assets

Continued

C1 PROPERTY PORTFOLIO continued



GROUND LEASES

A lease liability reflecting the leasehold arrangements of investment properties is separately disclosed in the consolidated SoFP and the carrying value of the investment properties adjusted (i.e. increased) so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate.

At 30 June 2021, \$60m of lease liabilities for ground leases has been recognised in the consolidated SoFP (2020: \$47m).

Lease liabilities are subsequently measured by:

- > increasing the carrying amount to reflect interest on the lease liability;
- > reducing the carrying amount to reflect the lease payments made; and
- > remeasuring the carrying amount to reflect any reassessment or lease modifications.

Some ground leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated SoCI in the period in which the condition that triggers those payments occurs.

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the consolidated SoCI in the period in which they relate.



DERECOGNITION OF INVESTMENT PROPERTIES

Investment properties are reclassified from non-current to current assets held for sale when they satisfy the conditions under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

For reclassification to occur, the disposal of the investment property must be highly probable with an exchanged contract and settlement pending. Once control of an investment property transfers to a purchaser, usually upon settlement, the Group will derecognise the book value of the Investment property with any resultant gain or loss recognised in the consolidated SoFP.

Occasionally, the Group will reassess the status of an investment property and determine that its highest and best use may be different from its current use, for example an office building would be better suited to redevelopment and sale as apartments. In these cases, once development commences with a view to resale, and the investment property ceases to be classified as an investment property, all or part is reclassified from Investment properties to Inventory.

As at 30 June 2021, the Group had exchanged contracts for the disposal of Cherrybrook Shopping Village, Cherrybrook NSW and settlement is expected to occur in FY22. Accordingly, the Group has reclassified the investment property to assets classified as held for sale on the consolidated SoFP.



As a result of the COVID-19 pandemic, there is still some heightened uncertainty in assessing the fair values of investment properties. Market evidence of similar properties in similar markets in which the Group invests was limited in the office and retail sectors as sales volumes were impacted by the COVID-19 pandemic, with prospective purchasers demonstrating caution and preserving capital. In the industrial asset class, the level of demand has increased over the past twelve months as the sector has proven to be resilient during recent times of economic uncertainty.

In consideration of the COVID-19 pandemic, the assessment undertaken to determine the fair value of the Group's portfolio is based on the assumptions and analysis performed and outlined below.

An evaluation of each investment property in the portfolio was undertaken considering the following factors:

1. Location and asset quality across the markets that the Group invests in;
2. Capital expenditure including development and operational capital expenditure forecasts;
3. Tenancy schedules: Tenancy schedules including all contractual lease information were used as the basis of all forecasts and valuations, specifically the contracted cash flows from the tenants and including tenant size and weighted average lease expiry. Assets with long WALEs and a small number of large tenants were viewed as having the least risk in valuations;
4. Market rents: rents that could be achieved if tenancy was leased on the open market as at valuation date. Passing rent refers to contractual rent as at the valuation date;
5. Growth rates and incentives: ten-year forecasts for incentives and growth rates applied to future leasing assumptions;
6. Downtime: period of vacancy between leases on a tenancy;
7. COVID-19 impact on the tenancies, in particular rental relief requested, ability to trade and industry that the tenants operate in; and
8. Fair value inputs: capitalisation rate, discount rate and terminal rate applied to capitalisation income, discounted cash flow and terminal capitalisation income.

Following this evaluation on a property basis, the valuations have been calibrated on a portfolio basis, by asset class, to ensure consistency in any assumptions such as in the modelling of leasing retention rates, incentives, downtime, growth, COVID-19 support adjustments and the expected recovery period where relevant.



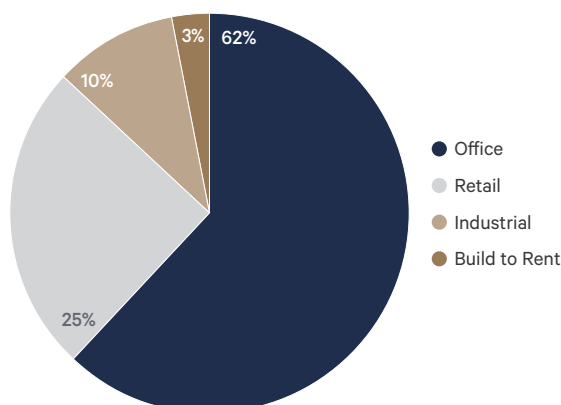
The Group considered the 30 June 2021 valuations with regard to the July 2021 outbreaks of COVID-19, in particular for its retail investment properties. There was expected to be some impact to the future cash flows and rent relief requests, possibly accompanied by the reinstatement of a mandatory code for landlords. However, based on information as at 30 June 2021, these impacts to the valuation of the Group's investment properties were not expected to have a material impact.

PROPERTY PORTFOLIO AS AT 30 JUNE 2021

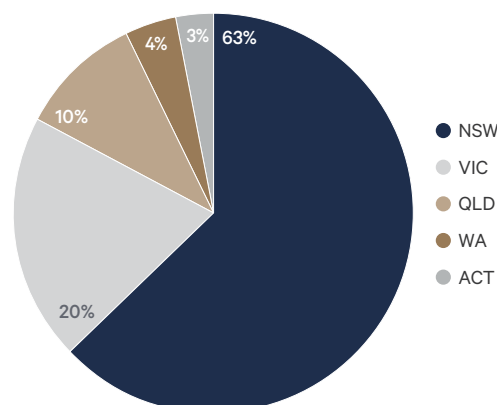
	Note	Integrated Investment Portfolio				2021 Total \$m	2020 Total \$m
		Office \$m	Industrial \$m	Retail \$m	Build to Rent \$m		
Investment properties		6,659	1,025	3,074	220	10,978	10,360
Investment properties under construction		532	161	—	150	843	807
Total investment properties	C2	7,191	1,186	3,074	370	11,821	11,167
Investments in JVA ¹		472	—	—	—	472	465
Assets classified as held for sale		—	—	133	—	133	—
Total property portfolio		7,663	1,186	3,207	370	12,426	11,632

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

By asset class



By geography



Office

- > \$394m increase in office assets
- > 4% net valuation uplift
- > Weighted average capitalisation rate of 5.14%
- > Sale of 340 Adelaide Street, Brisbane QLD



Industrial

- > \$242m increase in industrial assets
- > 13% net valuation uplift
- > Weighted average capitalisation rate of 4.78%



Retail

- > Sales contract exchanged for Cherrybrook Shopping Village, Cherrybrook NSW representing a 43% premium above book value
- > Weighted average capitalisation rate of 5.47%



Build to Rent

- > Practical completion achieved for LIV Indigo, Sydney Olympic Park NSW and lease commencement
- > Weighted average capitalisation rate of 4.00%

C Property and development assets

Continued

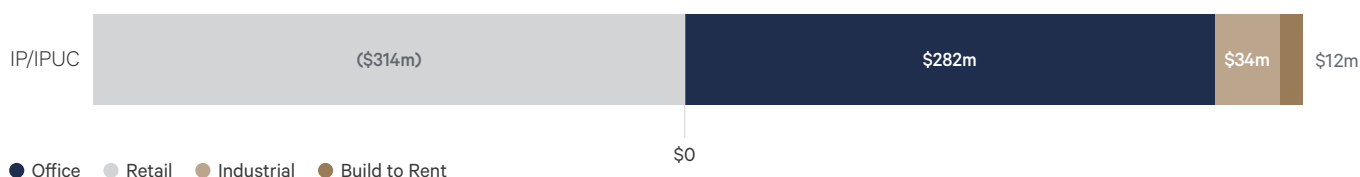
C1 PROPERTY PORTFOLIO continued

REVALUATION OF PROPERTY PORTFOLIO

FY21 net revaluation movement \$392m



FY20 net revaluation movement \$14m



● Office ● Retail ● Industrial ● Build to Rent

C2 INVESTMENT PROPERTIES

Investment properties, including investment properties under construction, are held at fair value and any gains or losses are recognised in revenue and other income. The fair value movements are non-cash and do not affect the Group's distributable income.

Movements in investment properties	Office \$m	Industrial \$m	Retail \$m	Build to Rent \$m	2021 Total \$m	2020 Total \$m
Balance 1 July	6,804	944	3,191	228	11,167	10,687
Expenditure capitalised	317	17	60	79	473	650
Acquisitions	—	134	—	51	185	35
Disposals	(82)	—	—	—	(82)	(50)
Net revaluation gain/(loss) from fair value adjustments	275	137	(13)	(7)	392	14
Transfer (to)/from inventories	(36)	(39)	—	19	(56)	(77)
Transfer to assets classified as held for sale	—	—	(133)	—	(133)	—
Amortisation expense	(87)	(7)	(31)	—	(125)	(92)
Balance 30 June	7,191	1,186	3,074	370	11,821	11,167

FAIR VALUE MEASUREMENT AND VALUATION BASIS

The basis of valuation of investment properties is fair value. Fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date.

Investment properties are measured as Level 3 financial instruments. Refer to note D5 for explanation of the levels of fair value measurement.

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

Unobservable inputs	Details
 Capitalisation rate	The rate at which net market income is capitalised to determine the value of a property.
 Discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. This should reflect the opportunity cost of capital, that is, the required rate of return the capital can earn if put to other uses having regard to a similar risk profile.
 Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation.
 Market rent and growth rate	The rent at which a tenancy could be leased in the market including rental growth in future years at the date of valuation. Market rent includes gross rent and net rent. Gross rent is where outgoings are incorporated in the rent being paid. Net market rent is where the owner recovers outgoings from the tenant on a pro-rata basis.

The discounted cash flow, capitalisation rate and residual valuation methods all use unobservable inputs in determining fair value; ranges of the inputs are included below per asset class:

	Inputs used to measure fair value					
	Level 3 fair value \$m	Net market income \$/sqm	10-year compound annual growth rate %	Capitalisation rate %	Terminal yield %	Discount rate %
2021						
Office	7,191	312 – 1,519	2.50 – 3.80	4.38 – 7.50	4.50 – 7.50	5.85 – 8.25
Industrial	1,186	104 – 407	2.82 – 3.02	4.09 – 5.75	4.50 – 6.00	5.25 – 6.61
Retail	3,074	311 – 1,121	2.30 – 3.84	4.75 – 8.75	5.00 – 9.00	6.25 – 9.50
Build to Rent	370	539 ¹	3.00	4.00	4.00	6.25
Total investment properties	11,821	—	—	—	—	—
2020						
Office	6,804	312 – 1,480	2.64 – 3.97	4.63 – 7.50	4.88 – 7.50	6.25 – 8.25
Industrial	944	102.50 – 486	2.70 – 3.05	4.84 – 6.50	5.25 – 7.00	6.25 – 7.50
Retail	3,191	304 – 1,439	2.03 – 3.53	4.75 – 8.75	5.00 – 9.00	6.50 – 9.50
Build to Rent	228	571 ¹	2.99	4.00	4.00	6.25
Total investment properties	11,167	—	—	—	—	—

1. Average net operating income per apartment per week.

SENSITIVITY ANALYSIS

Due to the significant judgement of fair value the COVID-19 pandemic presents, a sensitivity analysis has been undertaken to further stress test the Group's assessment of fair value at 30 June 2021.

The following sensitivity analysis is based on an upward and downward movement of 25 bps on the movement of capitalisation rate, discount rate and terminal yields per asset class compared to the capitalisation rate, discount rate and terminal yields adopted by the Group as at 30 June 2021. These are considered to be the key unobservable inputs that would be expected to have the most material impact on the fair values adopted if they moved.

The below table presents the outcome of the sensitivity analysis as the decrement or increment to the fair value of each asset class of the Group's investment property portfolio (including office JV but excluding IPUC and development assets) should the unobservable inputs increase or decrease by 25 bps. For example an increase of 25 bps of the capitalisation rate, discount rate and terminal yield in the Group's office portfolio would have resulted in a decrement of \$373m in addition to the fair value presented as at 30 June 2021.

	Capitalisation rate, discount rate and terminal yield movement by	
	↑ 25 bps \$m	↓ 25 bps \$m
Office	(373)	385
Industrial	(52)	59
Retail	(128)	140
Build to Rent	(13)	15
Total Investment Properties	(566)	599

C Property and development assets

Continued

C3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

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

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



JUDGEMENT IN TESTING FOR IMPAIRMENT OF INVESTMENTS IN JVA

At each reporting period, the Group assesses whether there is any indication that its investments JVAs may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is calculated as the estimated present value of future distributions to be received from the JVA and from its ultimate disposal.

The Group holds a 50% interest in the Tucker Box Hotel Group (TBHG), which invests in hotels across Australia as investment properties. The hotel, tourism and accommodation sector has been severely impacted by the COVID-19 pandemic with a significant reduction in cash flows, occupancy and profit.

In order to provide security of going concern, the unitholders of the joint venture have provided TBHG with a Letter of Support of up to \$2.5m each for a period extending to 31 December 2022.

On 23 July 2021, the TBHG entered into a contract to sell its hotel portfolio for \$620m (before transaction costs and adjustments) with settlement expected in early calendar year 2022.

All JVAs are established or incorporated in Australia. Information relating to JVAs is as follows:

	2021 \$m	2020 \$m
Movements in the carrying amount of JVAs		
Balance 1 July	744	860
Share of profit ¹	114	131
Equity acquired	12	14
Other movements	2	27
Return of capital	(5)	(134)
Distributions received/receivable	(84)	(154)
Balance 30 June	783	744

1. Share of net profit of JVAs reconciles to the consolidated SoCI net of expenses associated with the Tucker Box Hotel Group transaction.

The table below provides summarised financial information for those JVAs that are significant to the Group.

The information presented reflects the total amounts presented in the financial statements of the relevant JVAs and not the Group's share, unless otherwise stated. The information has been amended to reflect any unrealised gains or losses on transactions between Mirvac and its JVAs.

	Mircac 8 Chifley Trust ¹		Mircac (Old Treasury) Trust ¹		Tucker Box Hotel Group		Other JVAs		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Principal activities	Office investment		Office investment		Hotel investment		Various			
Summarised SoFP										
Cash and cash equivalents	2	2	6	6	1	2	76	79	85	89
Other current assets	—	1	1	1	621 ²	2	102	196	724	200
Total current assets	2	3	7	7	622	4	178	275	809	289
Total non-current assets	458	475	487	456	—	520	340	222	1,285	1,673
Borrowings	—	—	—	—	197	184	24	—	221	184
Other current liabilities	7	3	7	7	43	17	23	20	80	47
Total current liabilities	7	3	7	7	240	201	47	20	301	231
Borrowings	—	—	—	—	—	—	33	45	33	45
Other non-current liabilities	—	—	—	—	—	1	160	166	160	167
Total non-current liabilities	—	—	—	—	—	1	193	211	193	212
Net assets	453	475	487	456	382	322	278	266	1,600	1,519
Group's share of net assets in %	50	50	50	50	50	50				—
Group's share of net assets in \$	227	238	244	228	191	161	139	135	801	762
Carrying amount in Group's consolidated SoFP	210	221	237	221	191	164	145	138	783	744

1. The difference between the carrying amount and the Group's share in the net assets of its investment is a result of eliminations due to the Group's transactions with its investee.

2. Represents hotel investment property portfolio reclassified as assets held for sale at gross contract price before adjustments and transaction costs.

	Mircac 8 Chifley Trust		Mircac (Old Treasury) Trust		Tucker Box Hotel Group		Other JVAs		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Principal activities	Office investment		Office investment		Hotel investment		Various			
Summarised SoCI										
Revenue	32	28	42	47	8	27	246	855	328	957
EBITDA	28	27	28	27	2	26	108	252	166	332
Interest income	—	—	—	—	—	—	—	3	—	3
Interest expense	—	—	—	—	5	6	1	10	6	16
Income tax expense	—	—	—	—	(1)	—	—	—	(1)	—
Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	7	23	59	39	61	(54)	106	244	233	252
Less: non-operating items	21	4	(31)	(12)	(63)	74	1	1	(72)	67
Operating profit after tax	28	27	28	27	(2)	20	107	245	161	319
Distributions received/ receivable by the Group from JVAs	14	14	14	14	—	8	56	118	84	154

CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2021, the Group's share of its JVAs capital commitments which have been approved but not yet provided for was \$42m (2020: \$44m).

C Property and development assets

Continued

C4 INVENTORIES

The Group develops residential, commercial and mixed use properties for sale in the ordinary course of business.

Inventories are classified as current if they are expected to be settled within 12 months or otherwise classified as non-current.



DEVELOPMENT PROJECTS

Development projects are valued at the lower of cost and net realisable value (NRV). Following a review and assessment of the project forecasts and new development opportunities, there were Inventory write-downs and losses recognised during the year of \$12m (2020: \$30m), refer to note B3.

Cost includes the costs of acquisition, development, interest capitalised and all other costs directly related to specific projects. An allocation of direct overhead expenses is also included.



Judgement in calculating NRV of inventories

NRV is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the development. NRV is estimated using the most reliable evidence available at the time including expected fluctuations in selling price and estimated costs to complete and sell.



In undertaking the NRV assessments for the Group at 30 June 2021, consideration has been given to the impact of COVID-19 on key assumptions. These include sales rates, pricing, timing of settlements, expected incentives, estimated cost to complete and program duration.

RESIDENTIAL INVENTORY

A residential cyclical upswing was expected at the beginning of last year, however the onset of the ongoing COVID-19 pandemic disrupted this cyclical upswing, with the contraction of residential prices. Uncertainty over settlement timings and availability of financing, together with job insecurity and risks associated with foreign purchasers ended 2020 with additional considerations for the impacts of the pandemic in considering the NRV of inventories. Subsequently, government policy responses alleviated uncertainty regarding the direct and indirect impacts of COVID-19 on the residential property market. This, combined with the material decline in mortgage interest rates, has seen property prices and demand rise dramatically throughout 2021. As a result, the Group brought forward a number of MPC launches to bring stock to the market to meet demand, and unsold stock from the prior year was largely sold out.

The level of demand for the Group's residential inventory has favourably impacted the key assumptions for the Group's NRV assessment and these assumptions have become more certain during the year.

COMMERCIAL & MIXED USE INVENTORY

The Group continued to deliver on its key projects during the year and construction was able to continue in all states, despite sudden lockdowns and emergent clusters of COVID-19. The Group expects demand for newly developed and well located developments with strong lease covenants to remain strong, underpinning asset values and supporting redevelopment metrics for Mirvac's development pipeline. Accordingly the NRV assessments for the Group's Commercial & Mixed Use segment were well supported, with limited impact on sales prices, as these are usually contractually determined prior to commencement of development and no significant impact on construction programs. Due to the number and status of Commercial & Mixed Use projects in NSW, the mandatory closure of construction sites and lockdown measures for workers from certain local government areas did not result in any significant down time for the Group's Commercial & Mixed Use inventory that would impact NRV as at 30 June 2021.

The key assumptions used in the project forecasts for the Group's NRV assessments include:

Key assumption	Details of key assumption
 Sales rates / volumes	The rate at which lots are sold over a given period.
 Sales price / contract price	The price which a specific lot is sold to the general public or the project contract price.
 Sales incentives	Recognised as a % of purchase price, which is allocated to either direct or indirect expenditure to induce the sale of a lot.
 Settlement volumes	The number of lot settlements achievable over a given period.
 Cost to complete	All remaining costs to complete the program of works and sell unsold stock, measured at reporting date.
 Program duration	The duration of a project from commencement to completion of all stages. A project program generally extends from the approval to purchase through to the final settlement of lots and may extend over many years.

	2021		2020	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Residential apartments				
Acquisition costs	13	430	67	232
Development costs	165	328	177	369
Interest capitalised during development	6	30	12	32
Provision for impairment of inventories	(4)	(44)	(20)	(43)
Total residential apartments	180	744	236	590
Residential masterplanned communities				
Acquisition costs	144	496	102	477
Development costs	98	94	31	77
Interest capitalised during development	10	18	8	27
Provision for impairment of inventories	(13)	(4)	(2)	(10)
Total residential masterplanned communities	239	604	139	571
Total Residential	419	1,348	375	1,161
Commercial & Mixed Use				
Acquisition costs	38	52	19	6
Development costs	172	68	49	80
Interest capitalised during development	5	—	1	—
Provision for impairment of inventories	(2)	(7)	—	(7)
Total Commercial & Mixed Use	213	113	69	79
Total inventories	632	1,461	444	1,240



Residential

- > Key inventory movements during the year include NINE by Mirvac, Willoughby NSW, Yarra's Edge, Docklands VIC and The Fabric, Altona North VIC
- > 2,526 lots settled during the year



Commercial & Mixed Use

- > Practical completion achieved for: The Foundry, South Eveleigh Precinct, Eveleigh NSW and 477 Collins Street, Melbourne VIC
- > Key active developments: Locomotive Workshop, South Eveleigh NSW and 80 Ann Street, Brisbane QLD

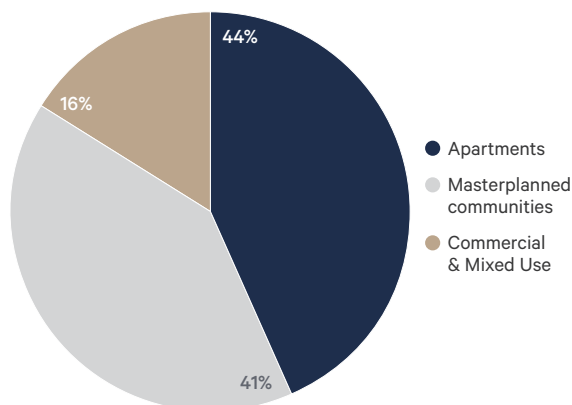
C Property and development assets

Continued

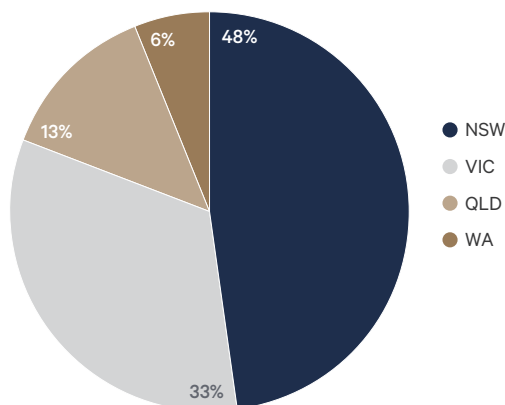
C4 INVENTORIES continued

INVENTORIES AS AT 30 JUNE 2021

By product line



By geography



Movements in inventories	2021 \$m	2020 \$m
Balance 1 July	1,684	1,709
Costs incurred	1,130	928
Settlements	(772)	(1,023)
Provision for impairment of inventories	(5)	(7)
Transfer from investment properties	56	77
Balance 30 June	2,093	1,684

C5 COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

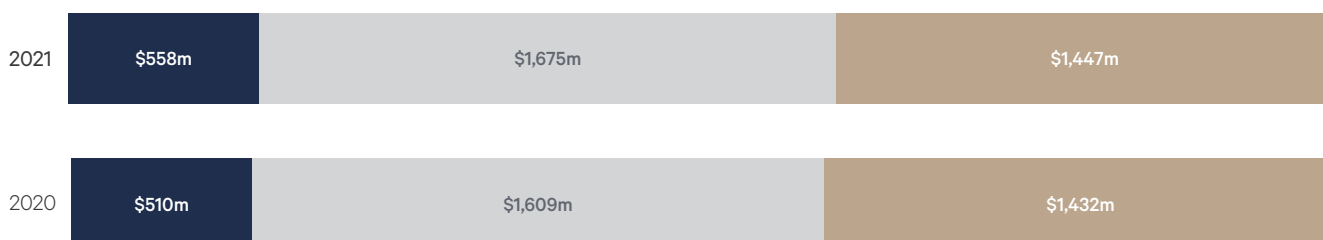
At 30 June 2021, capital commitments on Mirvac's investment property portfolio were \$527m (2020: \$654m). There were no investment properties pledged as security by the Group (2020: nil).

LEASE COMMITMENTS

Lease revenue from investment properties is accounted for as operating leases. The revenue from leases is recognised in the consolidated SoCI on a straight-line basis over the lease term.

The future receipts are shown as undiscounted contractual cash flows.

FUTURE OPERATING LEASE RECEIPTS AS A LESSOR



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

D Capital structure and risks

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

D1 CAPITAL MANAGEMENT

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

These objectives include:

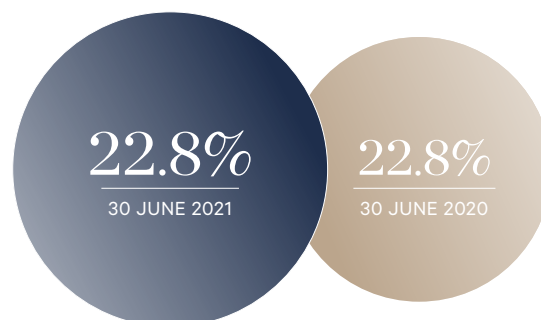
- > The Group's target allocation of capital is 80% investment and 20% development with the current allocation being 88%/12%;
- > The Group's distribution policy is a minimum of trust taxable earnings and up to 80% of operating earnings. The payout ratio for FY21 was 70.9%;
- > The Group's target credit rating is Fitch A- and Moody's A3 which was maintained as at 30 June 2021; and
- > The Group's target gearing ratio is between 20 and 30 per cent and was 22.8% as at 30 June 2021.

If the Group is required to change its gearing ratio, it could adjust its payout ratio, issue new equity buy back securities, or realise capital through disposals of investment properties to repay borrowings.

At 30 June 2021, the Group was in compliance with all debt covenants.

The Group uses derivatives to hedge its underlying exposures to changes in interest rates on its borrowings and to changes in foreign exchange rates on its foreign currency transactions.

Gearing ratio



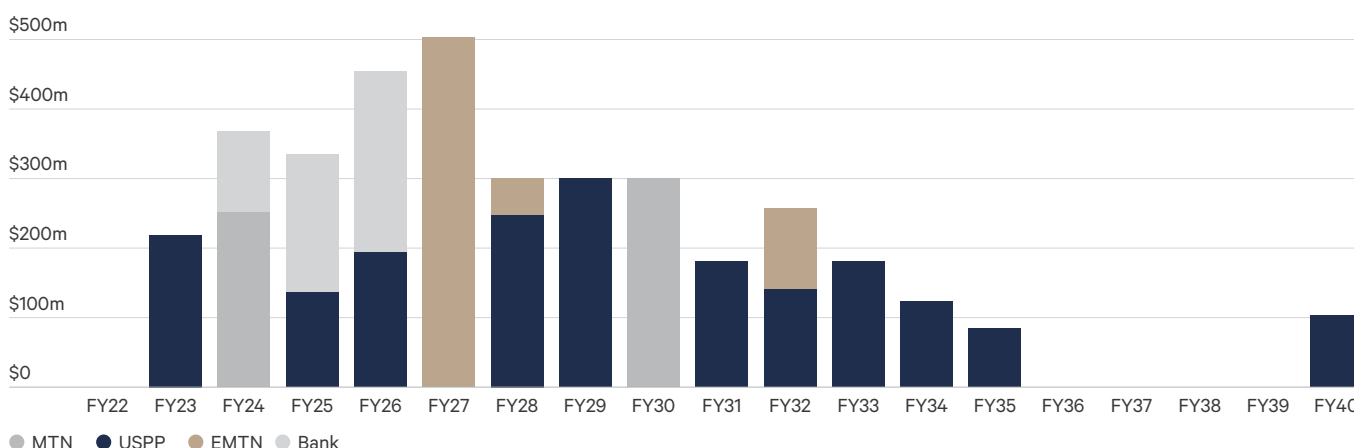
D2 BORROWINGS AND LIQUIDITY

The Group enters into borrowings at both fixed and floating interest rates and also uses interest rate derivatives to reduce interest rate risks.

During the year, the Group has undertaken \$1,578m of refinancing transactions with maturities ranging from 2-8.5 years.

At 30 June 2021, the Group had \$867m of cash and committed undrawn facilities available.

Drawn debt sources as at 30 June 2021



D Capital structure and risks

Continued

D2 BORROWINGS AND LIQUIDITY continued

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Under the amortised cost method, any difference between the initial amount recognised and the redemption amount is recognised in the consolidated SoCI over the period of the borrowings using the effective interest rate method.

	2021				2020			
	Current \$m	Non-current \$m	Total carrying amount \$m	Total fair value \$m	Current \$m	Non-current \$m	Total carrying amount \$m	Total fair value \$m
Unsecured facilities								
Bank loans	—	578	578	578	—	718	718	718
Bonds	—	3,356	3,356	3,464	200	3,396	3,596	3,774
Total unsecured borrowings	—	3,934	3,934	4,042	200	4,114	4,314	4,492
Prepaid borrowing costs	—	(12)	(12)	(12)	—	(14)	(14)	(14)
Total borrowings	—	3,922	3,922	4,030	200	4,100	4,300	4,478
Undrawn facilities			750				1,119	
Other								
Lease liabilities	4	64	68	68	4	68	72	72

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

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

	2021						2020					
	Floating interest rate \$m	Fixed interest maturing in:					Floating interest rate \$m	Fixed interest maturing in:				
		Less than 1 year \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Total \$m		Less than 1 year \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Total \$m
Bank loans	320	—	—	258	—	578	718	—	—	—	—	718
Bonds	2,065	—	50	325	681	3,121	2,064	200	—	325	432	3,021
Interest rate derivatives	(1,200)	300	400	600	(100)	—	(1,800)	300	400	800	300	—
Total	1,185	300	450	1,183	581	3,699	982	500	400	1,125	732	3,739

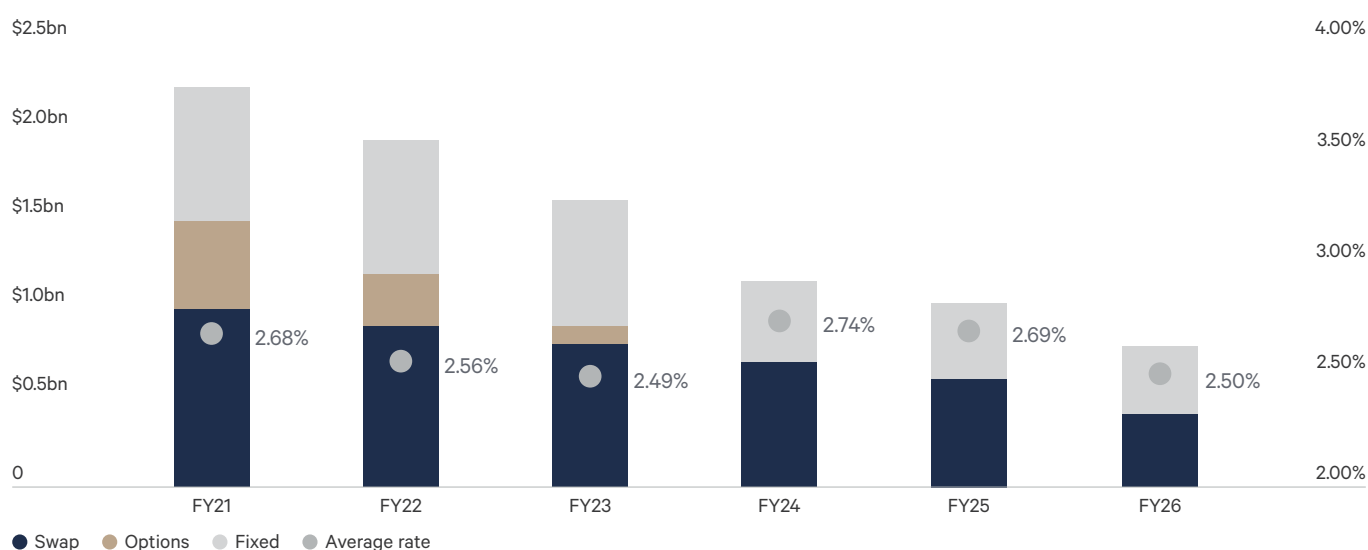
D3 DERIVATIVE FINANCIAL INSTRUMENTS

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

HEDGING PROFILE AT 30 JUNE 2021

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated SoFP.

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



Derivatives that qualify for hedge accounting

Mirvac's treasury policy sets out the hedging strategy and objectives to manage exposures arising from fluctuations in interest rates and foreign currency exchange rates.

At implementation, Mirvac formally designates and documents the relationship between hedging instruments (cross currency interest rate swaps only) and the hedged items (foreign currency bonds) as well as the proposed effectiveness of the risk management objective that the hedge relationship addresses. On an ongoing basis, Mirvac documents its assessment of retrospective and prospective hedge effectiveness of all hedge relationships for changes in fair values or cash flows.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability (such as a bond) that is attributable to a particular risk (such as movements in interest rates).

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

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity via the cash flow hedge reserve. Any gain or loss relating to the ineffective portion is recognised in the consolidated SoCl.

D Capital structure and risks

Continued

D3 DERIVATIVE FINANCIAL INSTRUMENTS continued

Cost of hedging

Currency basis spread is a liquidity premium that is charged for exchanging different currencies, and the changes over time impacting the fair value of cross currency swaps. Mirvac defers the change in fair value to currency basis spreads in the cost of hedging reserve.

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

	2021		2020	
	Asset \$m	Liability \$m	Asset \$m	Liability \$m
Current				
Interest rate derivatives – through profit or loss	—	5	—	4
Total current derivative financial instruments	—	5	—	4
Non-current				
Interest rate derivatives – through profit or loss	3	75	—	131
Cross currency interest rate swaps – cash flow hedges	245	24	607	—
Total non-current derivative financial instruments	248	99	607	131
Total derivative financial assets/liabilities	248	104	607	135

MASTER NETTING ARRANGEMENTS – NOT CURRENTLY ENFORCEABLE

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), may the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant derivative arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the consolidated SoFP. If a credit event had occurred, the ISDA Master Agreement would have the effect of netting, allowing a reduction to derivative assets and derivative liabilities of the same amount of \$128 million (2020: \$454 million).

D4 FINANCIAL RISK MANAGEMENT

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

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

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

Risk	Definition	Exposures arising from	Management of exposures
 Market risk – interest rate	The risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates	> Borrowings issued at fixed rates and variable rates > Derivatives	> Interest rate derivatives manage cash flow interest rate risk by converting floating rate borrowings to fixed or capped rates with target of 55 per cent > Mirvac does not manage the fair value risk for debt instruments from interest rates, as it does not have an impact on the cash flows paid by the business > Refer to note D2 for details on the interest rate exposure for borrowings
 Market risk – foreign exchange	The risk that the fair value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates	> Bonds denominated in other currencies > Receipts and payments which are denominated in other currencies	> Cross currency interest rate swaps to convert non-Australian dollar borrowings to Australian dollar exposures. These cross currency interest rate swaps have been designated as cash flow hedges with the movements in fair value recognised while they are still in an effective hedge relationship
 Market risk – price	The risk that the fair value of other financial assets at fair value through profit or loss will fluctuate due to changes in the underlying share/unit price	> Other financial assets at fair value through profit or loss, with any resultant gain or loss recognised in other comprehensive income	> The Group is exposed to minimal price risk and so does not manage the exposures
 Credit risk	The risk that a counterparty will not make payments to Mirvac as they fall due	> Cash and cash equivalents > Receivables > Derivative financial assets > Other financial assets	> Setting credit limits and obtaining collateral as security (where appropriate) > Diversified trading spread across large financial institutions with investment grade credit ratings > Regularly monitoring the exposure to each counterparty and their credit ratings > Refer to note F1 for details on credit risk exposure on receivables. The Group deems the exposure to credit risk as not significant for all other classes of financial assets and liabilities
 Liquidity risk	The risk that Mirvac will not be able to meet its obligations as they fall due	> Payables > Borrowings > Derivative financial liabilities	> Regular forecasts of the Group's liquidity requirements. Surplus funds are only invested in highly liquid instruments > Availability of cash, marketable securities and committed credit facilities > Ability to raise funds through issue of new securities through placements or DRP > Refer to note D2 for details of liquidity risk of the Group's financing arrangements

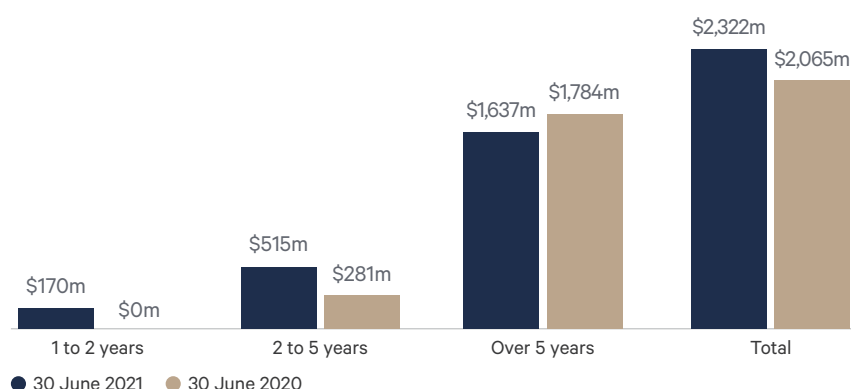
MARKET RISK

Foreign exchange risk

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

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

Notional amount and expiry of CCIRS



D Capital structure and risks

Continued

D4 FINANCIAL RISK MANAGEMENT continued

Sensitivity analysis – interest rate risk and foreign exchange risk

This sensitivity analysis shows the impact on profit after tax and equity if Australian interest rates changed by 25 basis points (bps).

Given the low interest rate environment that the Group is operating in and with official interest rates holding for the medium term, a 25 bps movement is deemed an appropriate sensitivity to consider for 30 June 2021. The Group has borrowings and cross currency interest rate swaps which reference foreign interest rates and foreign exchange rates however these are hedge accounted in effective hedge relationships, therefore the net profit impact is nil.

		2021		2020	
		↑ 25 bps \$m	↓ 25 bps \$m	↑ 25 bps \$m	↓ 25 bps \$m
Total impact on profit after tax and equity					
Sensitivity in:	Changes in:				
Interest rate risk ¹	Australian interest rates	\$1.1m increase	\$3.3m decrease	\$10m increase	\$15m decrease
Foreign exchange risk ²	Foreign interest rates	—	—	—	—
Foreign exchange risk ²	Foreign exchange rates	—	—	—	—

1. This calculation shows the impact on borrowings, cash and derivative financial instruments held as an economic hedge. It assumes that no interest is capitalised into qualifying assets as discussed in note B3. If fair value movements were excluded, operating profit would reduce if interest rates were to rise.

2. The Group has borrowings and cross currency interest rate swaps which reference foreign interest rates and foreign exchange rates; however, these are hedge accounted in effective hedge relationships, therefore the net profit impact is nil.

EFFECTS OF HEDGE ACCOUNTING

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	2021	2020
Carrying amount	\$2,557m	\$2,640m
Original debt amount	\$2,322m	\$2,065m
Original hedged amount	\$2,322m	\$2,065m
Maturity date	Dec 2022 – Mar 2034	Dec 2022 – Mar 2034
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	\$206m	(\$589m)
Change in value of hedged item used to determine hedge ineffectiveness	(\$246m)	\$581m
Weighted average hedged rate for outstanding hedging instruments against AU\$1	US\$0.79	US\$0.79
	YEN79.82	YEN84.60
	HK\$6.04	HK\$6.04

LIQUIDITY RISK

Maturities of financial liabilities and derivative financial assets

Mirvac's maturity of financial liabilities and derivative financial assets is provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2021					2020				
	Maturing in:					Maturing in:				
	Less than 1 year \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Total \$m	Less than 1 year \$m	1 to 2 years \$m	2 to 5 years \$m	Over 5 years \$m	Total \$m
Payables ¹	557	43	325	—	925	399	52	132	11	594
Unsecured bank loans	5	6	568	—	579	7	7	726	—	740
Bonds	126	383	938	2,672	4,119	331	126	1,034	2,834	4,325
Lease liabilities	4	4	11	49	68	4	4	12	52	72
Net settled derivatives										
Interest rate derivatives	24	15	14	6	59	35	27	36	5	103
Gross settled derivatives (cross currency swaps)										
> Outflow	50	225	715	1,855	2,845	47	49	430	2,010	2,536
> (Inflow)	(85)	(294)	(766)	(1,840)	(2,985)	(91)	(91)	(627)	(2,261)	(3,070)
	682	381	1,805	2,742	5,610	732	174	1,743	2,651	5,300

1. Includes deferred revenue.

D5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Mirvac holds no Level 1 financial instruments.

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

OTHER FINANCIAL ASSETS

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

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

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

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

	2021				2020			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets carried at fair value								
Investments in unlisted entities	—	—	78	78	—	—	68	68
Derivative financial instruments	—	248	—	248	—	607	—	607
	—	248	78	326	—	607	68	675
Financial liabilities carried at fair value								
Derivative financial instruments	—	104	—	104	—	135	—	135
	—	104	—	104	—	135	—	135

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

	Investments in unlisted entities	
	2021 \$m	2020 \$m
Balance 1 July	68	60
Acquisitions	2	—
Net gain recognised in gain on financial instruments	8	8
Balance 30 June	78	68

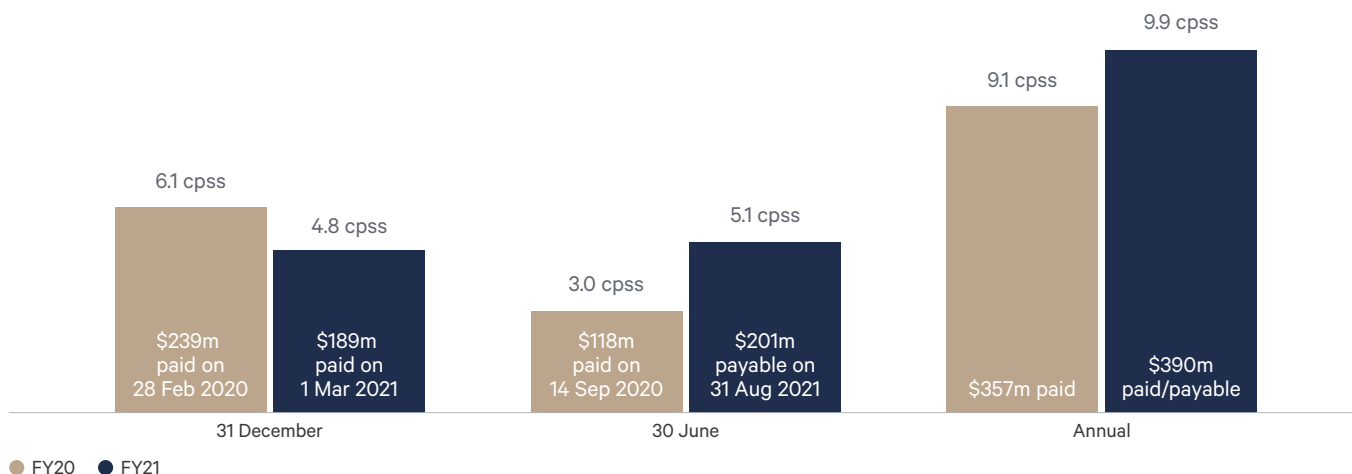
Refer to note C2 for a reconciliation of the carrying value of investment properties, also classified as Level 3.

E Equity

This section includes details of distributions, stapled securityholders' equity and reserves. It represents how the Group raised equity from its stapled securityholders (equity) in order to finance the Group's activities both now and in the future.

E1 DISTRIBUTIONS

Half yearly ordinary distributions paid/payable and distribution per security:



All distributions in the current and prior periods were unfranked. Franking credits available for future years, based on a tax rate of 30 per cent, total \$24m (2020: \$24m).

E2 CONTRIBUTED EQUITY

Mirvac's contributed equity includes ordinary shares in Mirvac Limited and ordinary units in MPT which are stapled to create stapled securities.

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

New issues of stapled securities rank equal with the existing stapled securities on issue. When new securities or options are issued, the directly attributable incremental costs are deducted from equity, net of tax.

CONTRIBUTED EQUITY

	2021		2020	
	No. securities m	Securities \$m	No. securities m	Securities \$m
Mirvac Limited – ordinary shares issued	3,936	2,162	3,933	2,162
MPT – ordinary units issued	3,936	5,348	3,933	5,341
Total contributed equity		7,510		7,503

The total number of stapled securities issued as listed on the ASX at 30 June 2021 was 3,938m (2020: 3,934m) which included 1m of stapled securities issued under the LTI plan and EIS (2020: 2m). Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity.

MOVEMENTS IN PAID UP EQUITY

	2021		2020	
	No. securities	Securities \$m	No. securities	Securities \$m
Balance 1 July	3,932,737,261	7,503	3,909,393,073	7,444
Securities issued under EEP ¹	525,021	1	341,865	1
LTI vested ²	2,746,083	6	6,882,196	11
Legacy schemes vested	103,083	—	205,883	1
Securities issued	—	—	15,914,244	46
Balance 30 June	3,936,111,448	7,510	3,932,737,261	7,503

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

2. Stapled securities issued for LTIs during the year, relate to LTIs granted in prior years.

E3 RESERVES

COST OF HEDGING RESERVE

The cost of hedging reserve is used to record gains or losses on derivatives that relate to the currency basis spread. Currency basis spread is the liquidity premium that is charged for exchanging different currencies, and changes over time impacting the fair value of a cross currency swap.

CASH FLOW HEDGE RESERVE

The cash flow hedge reserve is used to record gains or losses on derivatives that qualify as cash flow hedges and that are recognised in other comprehensive income.

SECURITY-BASED PAYMENTS (SBP) RESERVE

The SBP reserve recognises the SBP expense. Further details on SBP are explained in note E4.

NON-CONTROLLING INTERESTS (NCI) RESERVE

The NCI reserve was used to record the discount received on acquiring the non-controlling interest in Mirvac Real Estate Investment Trust in December 2009.

	Note	Cost of hedging reserve \$m	Cash flow hedge reserve \$m	SBP reserve \$m	NCI reserve \$m	Capital reserve \$m	Total reserves \$m
Balance 1 July 2019		6	(23)	33	8	(1)	23
Hedging reserve movements		(6)	—	—	—	—	(6)
Cash flow hedge movements		—	14	—	—	—	14
SBP movements	E4	—	—	(3)	—	—	(3)
Balance 30 June 2020		—	(9)	30	8	(1)	28
Hedging reserve movements		9	—	—	—	—	9
Cash flow hedge movements		—	(25)	—	—	—	(25)
SBP movements	E4	—	—	1	—	—	1
Balance 30 June 2021		9	(34)	31	8	(1)	13

E4 SECURITY-BASED PAYMENTS

Mirvac currently operates the following SBP schemes:

- > Employee Exemption Plan (EEP);
- > Long-term Incentives Plan (LTI); and
- > Short-term Incentives (STI) awards.

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

EEP

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

LTI

The LTI provides senior executives with performance rights to both reward and retain executives and strengthen the alignment between the performance of the Group and the executives. The performance rights vest based on Mirvac's TSR and ROIC performance over a three-year period.

STI

The STI is to motivate and reward employees for contributing to the delivery of annual business performance. For Executive KMP, 75% of any STI award is paid as cash and 25% is deferred into rights. The rights vest in two equal tranches: 50% of the rights vest after one year and 50% after two years.

Accounting for the SBP schemes

The EEP securities issued each year are recognised as an expense and a movement in contributed equity. The securities issued in FY21 were issued on 19 September 2020 at a stapled security price of \$2.07. At 30 June 2021, a total of 8.9m (2020: 8.4m) stapled securities have been issued to employees under the EEP.

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

E Equity

Continued

E4 SECURITY-BASED PAYMENTS continued

RECONCILIATION OF RIGHTS OUTSTANDING UNDER SBP SCHEMES

	Balance 1 July	Issued	Vested	Forfeited	Balance 30 June
LTI	14,050,957	5,427,999	(2,746,083)	(3,853,131)	12,879,742
STI	1,196,330	541,292	(792,201)	—	945,421
Total rights FY20	15,247,287	5,969,291	(3,538,284)	(3,853,131)	13,825,163
LTI	12,879,742	6,759,759	(5,111,753)	(3,898,428)	10,629,320
STI	945,421	144,321	(674,776)	(20,165)	394,801
Total rights FY21	13,825,163	6,904,080	(5,786,529)	(3,918,593)	11,024,121

The weighted average remaining contractual life of SBP schemes as at 30 June 2021 was 1.53 years (2020: 1.36 years). SBP expense recognised within employee benefits expenses is as follows:

	2021 \$m	2020 \$m
LTI	9	7
STI	1	3
Total SBP expense taken to SBP reserve	10	10
EEP recognised directly in contributed equity	—	1
Total SBP expense	10	11

The movements in the SBP reserve are as follows:

	2021 \$m	2020 \$m
Balance 1 July	30	33
Total SBP expense taken to SBP reserve	10	10
LTI vested and taken to contributed equity	(7)	(11)
STI vested	(2)	(2)
Balance 30 June	31	30



JUDGEMENT IN CALCULATING FAIR VALUE OF SBP

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

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

Grant date	3 December 2020	Exercise price	\$nil
Performance hurdles	Relative TSR	Expected life	2.75 years
Performance period start	1 October 2020	Volatility	36.13%
Performance period end	30 June 2023	Risk-free interest rate (per annum)	0.19%
Security price at grant date	\$2.62	Dividend/distribution yield (per annum)	3.47%

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

F Operating assets and liabilities

F1 RECEIVABLES

The Groups receivables comprise of trade receivables in the ordinary course of business and loans receivables.

Receivables are initially recognised at their fair value. Receivables are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment if required. Due to the short-term nature of current receivables, their carrying amount (less loss allowance) is assumed to be the same as their fair value.

For the majority of the non-current receivables, the carrying amount is also not significantly different to their fair value. The expected credit loss (ECL) of receivables is reviewed on an ongoing basis. The Group applies the simplified approach to measuring ECL as appropriate based on the different characteristics of each financial asset class. To measure the ECL, management has grouped together its receivables based on shared credit risk characteristics and the days past due. The Group uses judgement in making assumptions about risk of default and ECL rates and the inputs to the impairment calculation, based on the Group's past history, existing market conditions and future looking estimates at the end of each reporting period. Receivables which are known to be uncollectable are written off.

For loans receivable, at inception of a loan, an ECL provision is recognised which considers the following:

- > the historical bad debt write offs incurred for similar loan arrangements;
- > the collateral held over the loan; and
- > the creditworthiness of the borrower.

Over the life of the loan, the risk profile is reassessed in accordance with the three-stage approach.

- > **Stage 1** – Performing includes loans that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these loans, 12-month expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the loan.
- > **Stage 2** – Underperforming includes loans that have had a significant increase in credit risk since initial recognition but are not credit-impaired. For these loans a lifetime ECL over the life of the loan is recognised, and interest revenue is still calculated on the gross carrying amount of the asset.
- > **Stage 3** – Non-performing consists of loans that are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the loan has occurred. For these assets, a lifetime ECL is also recognised, but interest revenue is calculated on the net carrying amount (net of the ECL provision).

The consideration of the stage of the loan requires significant judgement, in particular when assessing whether there has been a significant increase in credit risk and in estimating ECL provision.



The Group has considered the impact on its trade debtors and loan receivables in light of increased credit risk resulting from the impacts of COVID-19.

Trade debtors

For trade debtors relating to the Group's investment property rental income, many of the Group's tenants have experienced cash flow and financial difficulties, in particular, the retail sector, due to mandatory closures, a halt on discretionary spending, employment instability and the general economic downturn.

The calculation of the ECL considers the historical bad debt write-offs which are specific to each segment, less collateral held and adjusted for specific known factors, including:

- > financial situation of a tenant;
- > the industry in which the tenant operates and if this has been impacted by mandatory Government restrictions;
- > the size and legal structure of the tenant;
- > location and demographic information affecting the tenant; and
- > sales data, rental relief requests and other impacts on trading activities during the pandemic.

For the year ended 30 June 2021, there were no trade debtors written off in the consolidated SoCI (2020: \$10m). The increase in the ECL provision for trade debtors during the year was \$20m (2020: \$38m). These amounts are included in Impairment loss on receivables in the consolidated SoCI.

Loans receivable

The COVID-19 impacts for the Group's loans considers the qualitative factors surrounding the borrower and the risks that they may have or will be facing as a result of the impact of COVID-19 on their business operations and financial position. The assessment is made on an individual instrument level rather than a collective approach for all loans.

There was no increase in the ECL provision for loans during the year (2020: \$3m) and no movement between stages of impairment for any of the Group's loan receivables.

F Operating assets and liabilities

Continued

F1 RECEIVABLES continued

Note	2021			2020		
	Gross \$m	Loss allowance \$m	Net \$m	Gross \$m	Loss allowance \$m	Net \$m
Current receivables						
Trade receivables	98	(35)	63	99	(41)	58
Loans to unrelated parties	65	(39)	26	101	(39)	62
Other receivables	28	—	28	155	—	155
Total current receivables	191	(74)	117	355	(80)	275
Non-current receivables						
Loans to related parties H3	5	—	5	5	—	5
Loans to unrelated parties	89	—	89	103	—	103
Other receivables	3	—	3	20	—	20
Total non-current receivables	97	—	97	128	—	128
Total receivables	288	(74)	214	483	(80)	403

LOSS ALLOWANCE

	2021 \$m	2020 \$m
Balance 1 July	(80)	(39)
Amounts utilised for write-off of receivables	26	—
Loss allowance recognised	(20)	(41)
Balance 30 June	(74)	(80)

AGEING

	Not past due \$m	Days past due					Total
		1 – 30 \$m	31 – 60 \$m	61 – 90 \$m	91 – 120 \$m	Over 120 \$m	
Total receivables	422	17	16	17	4	7	483
Loss allowance	(39)	(11)	(12)	(11)	(4)	(3)	(80)
Balance 30 June 2020	383	6	4	6	—	4	403
Total receivables	242	10	7	8	3	18	288
Loss allowance	(40)	—	(5)	(8)	(3)	(18)	(74)
Balance 30 June 2021	202	10	2	—	—	—	214

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral over receivables of \$164m (2020: \$219m). The collateral held equals the carrying amount of the relevant receivables. The terms and conditions of the collateral are outlined in the lease agreements, however generally as lessor, the Group has the right to call upon the collateral if a lessee breaches their lease. Refer to note D4 for further details on the Group's exposure to, and management of, credit risk.

LOANS RECEIVABLE

The movement in loss allowance by loan stage as at 30 June 2021 and 30 June 2020 is as follows:

	2021				2020			
	Stage 1 \$m	Stage 2 \$m	Stage 3 \$m	Total \$m	Stage 1 \$m	Stage 2 \$m	Stage 3 \$m	Total \$m
Opening loss allowance	—	—	39	39	—	—	36	36
Loss allowance recognised during the year	—	—	—	—	—	—	3	3
Closing loss allowance	—	—	39	39	—	—	39	39

The gross carrying amount of loans receivable representing the maximum exposure to loss, is as follows:

	2021 \$m	2020 \$m
Stage 1 – Performing	110	118
Stage 2 – Underperforming	5	47
Stage 3 – Non-performing	44	44
Total gross loans receivable	159	209
Less: Loan allowance	(39)	(39)
Total net loans receivable	120	170

F2 OTHER FINANCIAL ASSETS

INVESTMENTS IN UNLISTED ENTITIES

The Group may hold units in unlisted entities which do not give Mirvac control, as explained in note G1, or significant influence, as explained in note C3. Distributions received are recognised in revenue and any changes in fair value are recognised in the gain or loss on financial instruments in the consolidated SoCI.

Fair value measurement

Other financial assets are carried at fair value. Fair value is estimated as explained in note D5.

Recoverability of other financial assets is reviewed on the same basis as receivables. Refer to note F1 for details.

	2021 \$m	2020 \$m
Non-current		
Investments in unlisted entities	78	68
Total other financial assets	78	68

F3 INTANGIBLE ASSETS

Mirvac's intangible assets consist of goodwill, management rights and software.

GOODWILL

The goodwill acquired in a business combination is attributable to the profitability of the acquired business, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised. The goodwill is not expected to be deductible for income tax.

MANAGEMENT RIGHTS

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

SOFTWARE

Software consists of purchased and internally generated capitalised development costs where it is evident that these costs will generate probable future economic benefits. Software is held at cost less accumulated amortisation. Once ready for use, the Group amortises software using a straight-line method over the estimated useful life.

Costs incurred to configure or customise cloud computing software, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as an expense when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the services are assessed to determine if they are distinct. Where the services are not distinct, the configuration and customisation costs incurred are capitalised on the consolidated SoFP as a prepayment and expensed over the SaaS contract term.

F Operating assets and liabilities

Continued

F3 INTANGIBLE ASSETS continued

The breakdown of intangible assets by operating segment is set out below.

Carrying amounts	Restated Balance 1 July 2019 \$m	Amortisation \$m	Balance 30 June 2020 \$m	Additions \$m	Amortisation \$m	Balance 30 June 2021 \$m
Goodwill						
Integrated Investment Portfolio	67	—	67	—	—	67
Total goodwill	67	—	67	—	—	67
Management rights						
Integrated Investment Portfolio						
Office	9	(1)	8	—	(2)	6
Retail	3	—	3	—	—	3
Total management rights	12	(1)	11	—	(2)	9
Software under development						
Unallocated	—	—	—	2	—	2
Total software under development	—	—	—	2	—	2
Total intangible assets	79	(1)	78	2	(2)	78



MANAGEMENT RIGHTS

Management rights include property management rights for office and retail properties managed by the Group. Management rights with a finite life are amortised using the straight-line method over their useful life. For indefinite management rights, the Group tests for impairment at the reporting date. Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined using a discounted cash flow. A 13% pre-tax discount rate and 3% growth rate have been applied to the cash flow projections.



GOODWILL

Goodwill acquired in a business combination is tested annually for impairment. Goodwill is impaired if the recoverable amount, calculated as the higher of the value in use and the fair value less costs to sell, is less than its carrying amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and allocated to cash generating units (CGU). The estimation of the recoverable amount of goodwill depends on the nature of the CGU. For the IIP CGU, the value in use is the discounted present value of estimated cash flows that the CGU will generate, which primarily comprise of the Group's investment properties.

In the prior period, the Group's goodwill was allocated to the CGU of the Office & Industrial operating segment, however following the change in the Group's operating segments effective 1 October 2020, this has been reallocated to the IIP CGU. This CGU will directly benefit from the synergies realised from the business combination from where the goodwill arose.

The key assumptions used to determine the forecast cash flows include:

	CGU	
	2021	2020
	IIP	Office & Industrial
Net market rent	Lease specific assumptions including let up periods and incentives	Lease specific assumptions including let up periods and incentives
Other cash flows	Cash flows from the Asset & Funds Management and Management & Administration parts of IIP	Cash flows from the Asset & Funds Management and Management & Administration parts of Office & Industrial
Capital expenditure	Investment property assumptions based on the age and condition of the property	Investment property assumptions based on the age and condition of the property
Growth rate	3.0%	3.0%
Cash flow period	10 years	10 years
Terminal growth rate	3.0%	3.0%
Pre-tax discount rates	5.9% – 10.4%	6.6% – 11.0%

These assumptions are further explained as follows:

Key assumption	Details of key assumption
Net market rent	The rent at which a tenancy could be leased in the market including outgoing recovery
Other cash flows	These cashflows are minimal in comparison to the rental cashflows but form part of the IIP CGU
Capital expenditure	The amount of additional investment required to upgrade or maintain the Group's investment properties
Growth rate	The rate at which cashflows will grow over time. The growth rate has been adjusted to reflect current market conditions and does not exceed the long-term average growth rate for IIP. The cash flow projections are based on management approved forecasts covering an initial period of five years and the subsequent five years are based on a growth rate of 3.0% p.a.
Cash flow period	AASB 136 <i>Impairment of Assets</i> recommends that cash flow projections should cover a maximum period of five years, unless a longer period can be justified. As the cash flow projections used for budgeting and forecasting are based on long-term, predictable and quantifiable leases, with renewal assumptions based on asset class and industry experience, management is comfortable that a ten year cash flow projection is appropriate.
Terminal growth rate	The constant rate that cash flows are expected to grow at into perpetuity
Pre-tax discount rate	The rate of return used to convert cashflows into present value, these are specific to the risks of each of the cash flows within the IIP segment. This includes using the weighted investment property portfolio discount rate, which was 6.4% as at 30 June 2021, and then applying a premium adjustment to this rate on the basis that a prospective purchaser would expect there to be multiple benefits to acquiring a portfolio of assets.

Sensitivity

If the cash flow projections used in the value in use calculations increased or decreased the pre-tax discount rate by 0.5% and the growth rate or the terminal growth rate were increased or decreased by 1.0%, the Group would have sufficient headroom and this would not result in an impairment.

Based on information available and market conditions as at 30 June 2021 and up to the date of this report, management have considered that a reasonably foreseeable change in the other assumptions used in the goodwill assessment would not result in an impairment to the value of goodwill as at 30 June 2021. The foreseeable change in the assumptions also considered the June and July 2021 COVID-19 pandemic lockdowns into consideration.

F4 PAYABLES

Payables are measured at amortised costs. Due to the short-term nature of current payables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current payables, the carrying amount is also not significantly different to their fair value.

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

	2021 \$m	2020 \$m
Current		
Trade payables	50	97
Accrued expenses	400	195
Deferred land payment	7	10
Annual leave accrued	18	15
Other payables	28	56
Total current payables	503	373
Non-current		
Deferred land payment	332	29
Other payables	35	96
Total non-current payables	367	125
Total payables	870	498

F Operating assets and liabilities

Continued

F5 PROVISIONS

LONG SERVICE LEAVE (LSL)

Where the LSL provision is expected to be settled more than 12 months after year end, the expected future payments are discounted to present value. The corporate bond rates used to discount the expected future payments have maturities aligned to the estimated timing of future cash flows.

In calculating the LSL provision, management judgement is required to estimate future wages and salaries, on-cost rates and employee service periods.

DISTRIBUTION PAYABLE

A provision is made for the amount of distribution declared at or before year end but not yet paid; refer to note E1.

WARRANTIES

The Group is obliged to rectify any defective work during the warranty period of its developments. Warranties are also known as post-completion maintenance costs.

Movements in each class of provision during the year are set out below:

	Long service leave \$m	Distribution payable \$m	Warranties \$m	Total \$m
Balance 1 July 2020	18	117	13	148
Additional provisions	—	390	7	397
Payments made/amounts utilised	—	(306)	(4)	(310)
Net long service leave movement	—	—	—	—
Balance 30 June 2021	18	201	16	235
Current	13	201	9	223
Non-current	5	—	7	12

F6 LEASES

RIGHT-OF-USE ASSETS

The right-of-use assets recognised in the consolidated SoFP include:

	2021 \$m	2020 \$m
Property leases	17	21
Total right-of-use assets	17	21

There were no additions to the right-of-use assets during the year.

RIGHT-OF-USE ASSETS AMOUNTS RECOGNISED IN THE CONSOLIDATED SOCI

The consolidated SoCI shows the following amounts relating to leases:

	2021 \$m	2020 \$m
Depreciation on property leases	4	4
Total depreciation	4	4
Interest expense on property leases	3	1
Total interest expense (included in finance costs)	3	1

THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases include ground leases and property leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated SoCI over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets which meet the definition of an investment property form part of the investment property balance and are measured at fair value in accordance with AASB 140 *Investment Property* (refer to note C1).

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated SoCI. Short-term leases are leases with a lease term of 12 months or less.

G Group structure

This section explains how the Group is structured, the Deed of Cross Guarantee between Group companies and disclosures for the parent entity.

G1 GROUP STRUCTURE AND DEED OF CROSS GUARANTEE

CONTROLLED ENTITIES

The consolidated financial statements of Mirvac incorporate the assets, liabilities and results of all controlled entities. Controlled entities are all entities over which the Group has power to direct the activities of the entity and an exposure to and ability to influence its variable returns from its involvement with the entity.

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

Refer to I2 for Mirvac's controlled entities.

STRUCTURED ENTITIES

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

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

FUNDS AND TRUSTS

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

CLOSED GROUP

Mirvac Limited and certain wholly-owned entities (collectively the Closed Group) are parties to a Deed of Cross Guarantee. The members of the Closed Group guarantee to pay any deficiency in the event that another member winds up.

Refer to note I2 for the members of the Closed Group.

	2021 \$m	2020 \$m
Closed Group SoCI		
Revenue	1,467	1,816
Other income		
Revaluation of investment properties	—	1
Share of net profit of joint ventures	48	120
Gain on financial instruments	60	29
Total revenue and other income	1,575	1,966
Development expenses	967	1,274
Inventory write-downs and losses	11	32
Selling and marketing expenses	29	35
Investment properties expenses and outgoings	1	1
Depreciation and amortisation expenses	12	22
Impairment loss on receivables	1	3
Employee and other expenses	159	133
Finance costs	216	235
Loss on financial instruments	51	34
Profit before income tax	128	197
Income tax expense	86	18
Profit for the year	42	179

G Group structure

Continued

G1 GROUP STRUCTURE AND DEED OF CROSS GUARANTEE continued

	2021 \$m	2020 \$m
Closed Group SoFP		
Current assets		
Cash and cash equivalents	72	281
Receivables	2,996	2,928
Inventories	574	1,750
Other assets	19	21
Total current assets	3,661	4,980
Non-current assets		
Receivables	1,966	1,876
Inventories	1,730	8
Investment properties	4	42
Investments in joint ventures	56	63
Derivative financial assets	248	607
Other financial assets	1,270	1,231
Property, plant and equipment	7	12
Right-of-use assets	32	40
Intangible assets	40	63
Deferred tax assets	11	96
Other assets	3	—
Total non-current assets	5,367	4,038
Total assets	9,028	9,018
Current liabilities		
Payables	2,507	2,461
Deferred revenue	148	48
Borrowings	—	200
Lease liabilities	8	7
Derivative financial liabilities	5	5
Provisions	21	23
Total current liabilities	2,689	2,744
Non-current liabilities		
Payables	332	33
Deferred revenue	7	58
Borrowings	3,909	4,100
Derivative financial liabilities	99	131
Provisions	12	5
Lease liabilities	32	39
Total non-current liabilities	4,391	4,366
Total liabilities	7,080	7,110
Net assets	1,948	1,908
Equity		
Contributed equity	2,436	2,435
Reserves	40	26
Accumulated losses	(528)	(553)
Total equity	1,948	1,908

Refer to note I2 Controlled Entities for a list of the members of the Closed Group as at 30 June 2021.

G2 PARENT ENTITY

The financial information for the parent entity, Mirvac Limited, is prepared on the same basis as the consolidated financial statements, except as set out below:

Tax consolidation legislation – Mirvac Limited is the head entity of a tax consolidated group as discussed in note B5. As the head entity, Mirvac Limited recognises the current tax balances and the deferred tax assets for unused tax losses and credits assumed from other members as well as its own current and deferred tax amounts. Amounts receivable from or payable to the other members are recognised by Mirvac Limited as intercompany receivables or payables.

Mirvac Limited	2021 \$m	2020 \$m
Current assets	5,398	4,986
Total assets	5,888	5,560
Current liabilities	3,598	3,273
Total liabilities	3,598	3,273
Equity		
Contributed equity	2,162	2,161
SBP reserve	31	29
Retained earnings	97	97
Total equity	2,290	2,287
Profit/(loss) for the year	1	(3)
Total comprehensive profit/(loss) for the year	1	(3)

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

At 30 June 2021, the parent entity did not provide any other guarantees (2020: \$nil), have any contingent liabilities (2020: \$nil), or any capital commitments (2020: \$nil).

G Group structure

Continued

G3 NON-CONTROLLING INTERESTS

NON-CONTROLLING INTERESTS

The Group holds a 69.9% interest in the Australian Build to Rent Club (ABTRC or the club). Non-controlling interest in the results and equity of the club are shown separately in the consolidated SoCI, consolidated SoCE and consolidated SoFP separately. The club was established in Australia.

The financial information of ABTRC is provided below and is before intercompany eliminations.

	2021 \$m	2020 \$m
Accumulated balances of the NCI	66	51
(Loss)/profit allocated to the NCI for the year	(2)	5
Summarised Consolidated Statement of Financial Performance	2021 \$m	2020 \$m
Revenue	4	—
Revaluation gain on investment property	—	18
Total revenue and other income	4	18
Expenses	3	—
Revaluation loss on investment property	7	—
(Loss)/profit before tax	(6)	18
Income tax (benefit)/expense	(2)	2
(Loss)/profit for the year	(4)	16
Total comprehensive (loss)/income	(4)	16
Attributable to:		
Stapled securityholders	(2)	(2)
Non-controlling interest	(2)	5
Summarised Consolidated Statement of Financial Position	2021 \$m	2020 \$m
Current assets	1	2
Non-current assets	220	228
Total assets	221	230
Current liabilities	1	59
Non-current liabilities	—	2
Total liabilities	1	61
Net assets	220	169
Equity		
Contributed equity	208	152
Retained earnings	12	17
Total equity	220	169
Attributable to:		
Stapled security holders	154	118
Non-controlling interest	66	51
Summarised Consolidated Cash Flow Information	2021 \$m	2020 \$m
Net operating cash inflows	1	—
Net investing cash outflows	(46)	(62)
Net financing cash inflows	46	58
Net increase/(decrease) in cash	1	(4)

H Other disclosures

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

H1 CONTINGENT LIABILITIES

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

	2021 \$m	2020 \$m
Bank guarantees and performance bonds granted in the normal course of business	179	204
Health and safety claims	2	1
Payments for investment properties contingent on planning approvals	33	126

As at 30 June 2021, the Group had no contingent liabilities relating to joint ventures and associates (2020: \$nil).

H2 EARNINGS PER STAPLED SECURITY

Basic EPS is calculated by dividing:

- > the profit attributable to stapled securityholders; by
- > the weighted average number of ordinary securities (WANOS) outstanding during the year.

Diluted EPS adjusts the WANOS to take into account dilutive potential ordinary securities from security-based payments.

	2021	2020	Basic and diluted EPS (cents)	
Profit attributable to stapled securityholders used to calculate basic and diluted EPS (\$m)	901	558	22.9	14.2
WANOS used in calculating basic EPS (m)	3,936	3,932		
WANOS used in calculating diluted EPS (m)	3,938	3,933		
			FY21	FY20

H Other disclosures

Continued

H3 RELATED PARTIES

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

KEY MANAGEMENT PERSONNEL COMPENSATION

The Remuneration report on pages 56 to 77 provides detailed disclosures of key management personnel compensation. The total expense is summarised below:

	2021 \$000	2020 \$000
Short-term employment benefits	11,170	7,046
Security-based payments	3,313	2,534
Post-employment benefits	253	268
Other long-term benefits	73	76
Termination benefits	1,639	—
Total key management personnel compensation	16,448	9,924

There are no outstanding loans to directors or employees (2020: nil).

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

From time to time key management personnel participate in arrangements available to directly purchase Mirvac developed residential property. These transactions are made on terms equivalent to those that prevail in arm's length transactions and are at market rates. The deposits received and the amounts committed by key management personnel for Mirvac developed residential property exchanged are summarised below:

	2021 \$000	2020 \$000
Mirvac developed property purchased by key management personnel		
Exchanges	1,403	—
Deposits received	70	—
Outstanding commitments	1,333	—

	2021 \$000	2020 \$000
Transactions with JVs		
Interest income	139	2,038
Project development fees	123,100	157,720
Management and service fees	8,142	4,213
Trustee fees	7,377	7,800
Total transactions with JVs	138,758	171,771

	2021 \$000	2020 \$000
Loans due from JVs and other related parties		
Balance 1 July	5,000	79,275
Loans advanced	—	287,200
Loan repayments received	—	(361,475)
Interest capitalised	104	—
Balance 30 June	5,104	5,000

Transactions between Mirvac and its related parties were made on commercial terms and conditions. Distributions received from JVs were on the same terms and conditions that applied to other securityholders. Equity interests in JVs are set out in note C3.

H4 CASH FLOW INFORMATION

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

RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

	2021 \$m	2020 \$m
Profit from continuing operations	899	563
Revaluation of investment properties	(392)	(14)
Share of net profit of joint ventures and associates	(109)	(131)
JVA distributions received	84	157
Net gain on sale of investment properties	(2)	(15)
Net gain on financial instruments	(45)	(3)
Inventory write-downs and losses	12	30
Depreciation and amortisation expenses	71	75
Impairment loss on receivables	20	51
Security-based payments expense	10	12
Change in operating assets and liabilities:	87	(275)
Net cash inflows from operating activities	635	450

NET DEBT RECONCILIATION

	Liabilities from financing activities					Cash and cash equivalents \$m	Total \$m
	Current lease liabilities \$m	Non-current lease liabilities \$m	Current borrowings \$m	Non-current liabilities \$m	Total liabilities \$m		
Balance 1 July 2019	—	—	—	(3,435)	(3,435)	134	(3,301)
Recognised on adoption of AASB 16 Leases	(3)	(72)	—	—	(75)	—	(75)
Net cash flow movements	3	—	(200)	(427)	(624)	190	(434)
Other non-cash movements	(4)	4	—	(238)	(238)	—	(238)
Balance 30 June 2020	(4)	(68)	(200)	(4,100)	(4,372)	324	(4,048)
Net cash flow movements	4	—	200	(162)	42	(207)	(165)
Other non-cash movements	(4)	4	—	340	340	—	340
Balance 30 June 2021	(4)	(64)	—	(3,922)	(3,990)	117	(3,873)

H5 AUDITOR'S REMUNERATION

	2021 \$000	2020 \$000
Audit services		
Audit and review of financial reports	2,358	2,096
Other assurance services	589	589
Total audit services	2,947	2,685
Other services		
Advisory services	50	37
Total other services	50	37
Total auditor's remuneration	2,997	2,722

I Appendices

This section provides detailed listings of Mirvac's property portfolio and controlled entities.

11 PROPERTY PORTFOLIO LISTING

This table shows details of Mirvac's property portfolio. Refer to notes C1 to C3 for further details.

Office	Fair value	Lease liability gross up	Book value		Capitalisation rate		Discount rate	
	2021 \$m	2021 \$m	2021 \$m	2020 \$m	2021 %	2020 %	2021 %	2020 %
1 Darling Island, Pyrmont NSW	304	—	304	300	5.38	5.38	6.50	6.50
101-103 Miller Street, North Sydney NSW (50% interest)	315	—	315	315	5.25	5.25	6.25	6.25
10-20 Bond Street, Sydney NSW (50% interest)	345	—	345	333	5.00	5.00	6.25	6.50
189 Grey Street, Southbank QLD	90	—	90	87	6.63	6.50	7.00	7.25
2 Riverside Quay, Southbank VIC (50% interest)	150	—	150	147	5.00	5.00	6.25	6.50
200 George Street, Sydney NSW (50% interest)	579	—	579	519	4.38	4.63	5.85	6.25
23 Furzer Street, Phillip ACT	324	—	324	309	5.75	6.00	7.00	7.00
275 Kent Street, Sydney NSW (50% interest)	890	—	890	879	4.63	4.63	6.38	6.38
340 Adelaide Street, Brisbane QLD ¹	—	—	—	78	—	6.75	—	7.00
367 Collins Street, Melbourne VIC	426	—	426	413	5.25	5.25	6.25	6.50
380 St Kilda Road, Melbourne VIC	183	—	183	180	5.75	5.75	6.25	6.50
383 La Trobe Street, Melbourne VIC	122	—	122	124	5.38	5.38	6.50	6.50
40 Miller Street, North Sydney NSW	180	—	180	175	5.38	5.38	6.63	6.75
477 Collins Street, Melbourne VIC (50% interest) ²	441	—	441	338	4.75	—	6.25	—
60 Margaret Street, Sydney NSW (50% interest)	362	—	362	346	5.13	5.13	6.13	6.38
65 Pirrama Road, Pyrmont NSW	211	—	211	193	5.50	5.63	6.25	6.50
664 Collins Street, Melbourne VIC (50% interest)	155	—	155	151	5.00	5.00	6.50	6.50
699 Bourke Street, Melbourne, VIC (50% interest)	109	—	109	107	5.13	5.13	6.50	6.50
75 George St, Paramatta NSW	88	—	88	88	5.75	5.75	7.00	6.50
90 Collins Street, Melbourne VIC	263	—	263	261	5.25	5.25	6.25	6.50
Allendale Square, 77 St Georges Terrace, Perth WA	232	—	232	221	6.75	6.75	7.25	7.25
Locomotive Carpark, South Eveleigh NSW	13	—	13	13	7.50	7.50	8.25	8.25
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	38	—	38	38	6.50	6.50	7.25	7.25
Riverside Quay, Southbank VIC	355	—	355	346	5.38	5.38	6.75	6.75
South Eveleigh Precinct, Eveleigh NSW (33.3% interest) ³	453	—	453	379	4.88	4.88	6.26	6.75
Various lots, 53 Walker Street & 97 Pacific Highway, North Sydney NSW	31	—	31	32	—	—	—	—
Total investment properties	6,659	—	6,659	6,372				
Investment properties under construction								
51 Pitt Street, Sydney NSW ⁴	44	—	44	40	—	5.75	—	6.75
37 Pitt Street, Sydney NSW ⁴	110	—	110	100	—	5.75	—	6.75
6-8 Underwood Street, Sydney NSW ⁴	24	—	24	21	—	5.75	—	6.75
80 Ann Street, Brisbane QLD (50% interest)	204	—	204	111	—	—	—	—
Locomotive Workshop, South Eveleigh NSW ⁵	150	—	150	160	—	—	—	—
Total investment properties under construction	532	—	532	432				
Total investment properties and investment properties under construction	7,191	—	7,191	6,804				
Investments in joint ventures								
8 Chifley Square, Sydney NSW (50% interest)	229	—	229	237	4.88	4.88	6.00	6.50
David Malcolm Justice Centre, 28 Barrack Street, Perth WA (50% interest)	243	—	243	228	5.25	5.50	6.75	7.25
Total investments in joint ventures	472	—	472	465				
Total office property portfolio	7,663	—	7,663	7,269				

1. Investment property was disposed of during the year.

2. IPUC was completed during the year and was reclassified to investment property.

3. Building 2 reached practical completion during the year and was reclassified to investment property from IPUC.

4. Investment property was transferred to IPUC during the year.

5. 50% of the investment property was transferred to inventories during the year.

	Fair value	Lease liability gross up	Book value		Capitalisation rate		Discount rate	
	2021 \$m	2021 \$m	2021 \$m	2020 \$m	2021 %	2020 %	2021 %	2020 %
Industrial								
1-47 Percival Road, Smithfield NSW	50	—	50	45	5.00	6.50	6.25	7.25
271 Lane Cove Road, North Ryde NSW ¹	—	—	—	38	—	6.50	—	7.25
274 Victoria Rd, Rydalmere NSW	64	—	64	57	4.50	5.00	6.00	6.50
34-39 Anzac Avenue, Smeaton Grange NSW	36	—	36	31	5.75	6.50	6.50	7.50
36 Gow Street, Padstow NSW	46	—	46	35	5.00	6.25	6.25	7.25
39 Britton Street, Smithfield NSW	29	—	29	23	4.75	6.25	6.00	7.25
39 Herbert Street, St Leonards NSW	223	—	223	201	5.28	5.78	6.61	7.00
8 Brabham Drive, Huntingwood NSW	26	—	26	26	5.50	5.75	6.50	6.75
Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest)	147	—	147	132	4.51-4.76	4.88-5.13	5.88	6.25
Hoxton Distribution Park, Hoxton Park NSW (50% interest)	218	—	218	183	4.09	4.84	5.34	6.50
Nexus Industry Park, Lyn Parade, Prestons NSW	186	—	186	146	4.50-5.25	6.00-6.75	5.50-6.00	6.75-7.25
Total investment properties	1,025	—	1,025	917				
Investment properties under construction								
1669A Elizabeth Drive, Badgerys Creek NSW ²	134	—	134	—	—	—	—	—
864-882 Mamre Road, Kemps Creek NSW	27	—	27	27	—	—	—	—
Total investment properties under construction	161	—	161	27				
Total investment properties and investment properties under construction	1,186	—	1,186	944				
Total industrial property portfolio	1,186	—	1,186	944				

1. Investment property was transferred to inventories during the year.

2. IPUC was acquired during the year.

	Fair value	Lease liability gross up	Book value		Capitalisation rate		Discount rate	
	2021 \$m	2021 \$m	2021 \$m	2020 \$m	2021 %	2020 %	2021 %	2020 %
Retail								
1-3 Smail Street, Ultimo NSW (50% interest)	39	—	39	39	5.25	5.25	6.25	6.50
80 Bay St, Glebe, Sydney NSW (50% interest)	14	—	14	14	5.50	5.50	6.50	6.50
Birkenhead Point Brand Outlet, Drummoyne NSW ¹	394	6	400	399	5.50-8.75	5.50-8.75	6.50-9.50	7.00-9.50
Broadway Sydney, Broadway NSW (50% interest)	368	1	369	396	4.75	4.75	6.25	6.50
Cherrybrook Village, Cherrybrook NSW ²	—	—	—	92	—	6.00	—	7.00
Cooleman Court, Weston ACT	69	—	69	67	6.25	6.50	7.00	7.00
East Village, Zetland NSW	302	—	302	306	5.25	5.25	7.00	7.00
Greenwood Plaza, North Sydney NSW (50% interest)	89	—	89	100	5.75	5.75	6.50	7.00
Harbourside, Sydney NSW	200	40	240	240	—	6.00	—	6.75
Kawana Shoppingworld, Buddina QLD (50% interest)	186	—	186	187	5.75	5.75	6.75	6.75
Metcentre, Sydney NSW (50% interest)	60	—	60	76	5.75	5.75	6.50	7.00
Moonee Ponds Central, Moonee Ponds VIC	100	—	100	95	6.00	6.00	6.75	7.00
Orion Springfield Central, Springfield QLD	450	—	450	429	5.25	5.25	6.75	6.75
Rhodes Waterside, Rhodes NSW (50% interest)	175	—	175	188	5.50	5.50	6.25	6.75
South Village, Kirrawee NSW	102	—	102	97	5.50	5.75	6.25	7.00
Stanhope Village, Stanhope Gardens NSW	142	—	142	137	5.75	5.75	7.00	7.00
Toombul, Nundah QLD	303	—	303	295	5.75	6.00	7.00	7.00
Tramsheds Sydney, Glebe NSW	34	—	34	34	5.50	5.75	7.00	7.00
Total investment properties	3,027	47	3,074	3,191				
Cherrybrook Village, Cherrybrook NSW ²	133	—	133	—				
Total assets classified as held for sale	133	—	133	—				
Total retail property portfolio	3,160	47	3,207	3,191				

1. Book value includes Birkenhead Point Marina, Drummoyne NSW and 64 Roseby Street, Drummoyne NSW.

2. Transferred from investment property to assets classified as held for sale during the year.

I Appendices

Continued

11 PROPERTY PORTFOLIO LISTING continued

	Fair value	Lease liability gross up	Book value		Capitalisation rate		Discount rate	
	2021 \$m	2021 \$m	2021 \$m	2020 \$m	2021 %	2020 %	2021 %	2020 %
Build to Rent								
LIV Indigo, 2 Figtree Drive, Sydney Olympic Park NSW	220	—	220	228	4.00	4.00	6.25	6.25
Total investment properties	220	—	220	228				
LIV Albert Fields, Brunswick VIC ¹	25	—	25	—	—	—	—	—
LIV Anura, Newstead QLD ²	22	—	22	—	—	—	—	—
LIV Munro, Melbourne VIC ¹	103	—	103	—	—	—	—	—
Total investment properties under construction	150	—	150	—				
Total investment properties and investment properties under construction	370	—	370	228				
Total Build to Rent property portfolio	370	—	370	228				

1. IPUC was acquired during the year.

2. IPUC was transferred from inventories during the year.

	Fair value	Lease liability gross up	Book value	
	2021 \$m	2021 \$m	2021 \$m	2020 \$m
Property portfolio				
Total investment properties	10,931	47	10,978	10,360
Total investment properties under construction	843	—	843	807
Total assets classified as held for sale	133	—	133	—
Total investment in joint ventures	472	—	472	465
Total property portfolio	12,379	47	12,426	11,632

12 CONTROLLED ENTITIES

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

MEMBERS OF THE CLOSED GROUP

CN Collins Pty Ltd	Mirvac International Investments Pty Limited
Hoxton Park Airport Pty Limited	Mirvac National Developments Pty Limited
Mirvac (Docklands) Pty Limited	Mirvac Office Developments Pty Ltd
Mirvac (WA) Pty Limited	Mirvac Pacific Pty Limited
Mirvac Capital Investments Pty Limited	Mirvac Projects Pty Limited
Mirvac Constructions (QLD) Pty Limited	Mirvac Queensland Pty Limited
Mirvac Constructions (VIC) Pty Limited	Mirvac Real Estate Pty Limited
Mirvac Constructions (WA) Pty Limited	Mirvac Residential (NSW) Developments Pty Ltd
Mirvac Constructions Pty Limited	Mirvac Retail Developments Pty Ltd
Mirvac Design Pty Limited	Mirvac Rockbank Pty Limited
Mirvac Doncaster Pty Limited	Mirvac Spring Farm Limited
Mirvac Finance Limited	Mirvac Treasury Limited
Mirvac Group Finance Limited	Mirvac Treasury No. 3 Limited
Mirvac Group Funding Limited	Mirvac Victoria Pty Limited
Mirvac Holdings Limited	Mirvac Wholesale Funds Management Limited
Mirvac Home Builders (VIC) Pty Limited	Mirvac Wholesale Industrial Developments Limited
Mirvac Homes (NSW) Pty Limited	Mirvac Woollloomooloo Pty Limited
Mirvac Industrial Developments Pty Limited	

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

107 Mount Street Head Trust	JF ASIF Pty Limited
107 Mount Street Sub-Trust	JFM Hotel Trust
197 Salmon Street Pty Limited	Joynton North Pty Ltd
33 Bligh Street Trust	Kirrawee South Centre Pty Ltd
477 Collins Street No. 2 Trust	Kirrawee South Centre Trust
60 MP HFS Trust	La Trobe Office Trust
699 Bourke Street Services Pty Limited	Magenta Shores Finance Pty Ltd
A.C.N. 087 773 859 Pty Limited	Magenta Shores Unit Trust
A.C.N. 110 698 603 Pty Ltd	Magenta Unit Trust
A.C.N. 150 521 583 Pty Ltd	Marrickville Projects Pty Limited
A.C.N. 165 515 515 Pty Ltd	Mirvac (Beacon Cove) Pty Limited
ABTRC Head Trust A	Mirvac (Old Treasury Development Manager) Pty Limited
ABTRC Head Trust B	Mirvac (Old Treasury Hotel) Pty Limited
Ascot Chase Nominee Stages 3-5 Pty Ltd	Mirvac (Retail and Commercial) Holdings Pty Limited
Banksia Unit Trust	Mirvac (Walsh Bay) Pty Limited
BL Developments Pty Ltd	Mirvac 275 Kent Street Services Pty Ltd
Bligh Street Office Trust	Mirvac 699 Bourke Street Trust
BTR Brunswick Trust A	Mirvac Advisory Pty Limited
BTR Brunswick Trust B	Mirvac Aero Company Pty Ltd
BTR Foreshore Trust ¹	Mirvac Altona North Pty Ltd ⁴
BTR Head Company Pty Limited ¹	Mirvac AOP SPV Pty Limited
BTR Indigo Trust A	Mirvac Auburn Industrial Trust
BTR Indigo Trust B	Mirvac Badgerys Creek Industrial Trust
BTR QLD Pty Limited ¹	Mirvac Birkenhead Point Marina Pty Limited
BTR QVM Trust A	Mirvac Blue Trust
BTR QVM Trust B	Mirvac Bourke Street No. 3 Sub-Trust
BTR Vic Head Trust A	Mirvac BST Pty Limited
BTR Vic Head Trust B	Mirvac BTR Developments Pty Ltd
Commercial Developments Holding Trust	Mirvac BTR Head Company A Pty Ltd
Eveleigh Commercial Holdings Pty Limited	Mirvac BTR Head Company B Pty Ltd
Eveleigh Commercial Pty Limited	Mirvac BTR Head SPV Pty Ltd
Eveleigh Precinct Pty Limited	Mirvac BTR Head Trust
EZ Power Pty Ltd	Mirvac BTR Sub-Trust
Fast Track Bromelton Pty Limited	Mirvac BTR Sub Company A Pty Ltd
Future Property Unit Trust	Mirvac BTR Sub Company B Pty Ltd
Gainsborough Greens Pty Ltd	Mirvac BTR Sub SPV Pty Ltd
HIR Boardwalk Tavern Pty Limited	Mirvac BTR Trust ¹
HIR Golf Club Pty Limited	Mirvac Capital Assurance Pty Ltd
HIR Golf Course Pty Limited	Mirvac Capital Partners Pty Ltd
HIR Property Management Holdings Pty Limited	Mirvac Capital Pty Limited
HIR Tavern Freehold Pty Limited	Mirvac Chifley Holdings Pty Limited
HPAL Holdings Pty Limited	Mirvac Commercial Finance Pty Limited
ICDPL Pty Limited ²	Mirvac Commercial Sub SPV Pty Limited
ICPL Pty Limited	Mirvac Constructions (Homes) Pty. Limited
IMPL Pty Limited ³	Mirvac Constructions (SA) Pty Limited
IN3PL Pty Limited	Mirvac Developments Pty Limited
Industrial Commercial Property Solutions (Constructions) Pty Limited	Mirvac Duck River Pty Ltd
Industrial Commercial Property Solutions (Finance) Pty Limited	Mirvac Elizabeth Trust
Industrial Commercial Property Solutions (Holdings) Pty Limited	Mirvac Energy Pty Limited
Industrial Commercial Property Solutions (Queensland) Pty Limited	Mirvac ESAT Pty Limited
Industrial Commercial Property Solutions Pty Limited	Mirvac Funds Limited
IPGH Pty Limited	Mirvac Funds Management Limited
IPPL Pty Limited ²	Mirvac George Street Holdings Pty Limited
IRHPL Pty Limited ³	Mirvac George Street Pty Limited

1. This entity was established during the year.

2. This entity commenced a Creditor's Voluntary Liquidation on 9 July 2021.

3. This entity commenced a Member's Voluntary Liquidation on 8 July 2021.

4. This entity was acquired during the year, previously registered as Harbolt Properties Pty. Limited.

I Appendices

Continued

12 CONTROLLED ENTITIES continued

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

Mirvac Green Square Pty Limited	Mirvac Projects No. 2 Pty. Limited
Mirvac Green Trust	Mirvac Projects Norwest No. 2 Trust
Mirvac Harbourside Sub-Trust	Mirvac Projects Norwest Trust
Mirvac Harbourtown Pty Limited	Mirvac Properties Pty Ltd
Mirvac Harold Park Pty Limited	Mirvac Property Advisory Services Pty. Limited
Mirvac Harold Park Trust	Mirvac Property Services Pty Limited
Mirvac Hatch Pty Ltd	Mirvac Real Estate Debt Funds Pty Limited
Mirvac Hoist Pty Ltd	Mirvac REIT Management Pty Ltd
Mirvac Holdings (WA) Pty Limited	Mirvac Retail Head SPV Pty Limited
Mirvac Homes (QLD) Pty Limited	Mirvac Retail Sub SPV Pty Limited
Mirvac Homes (SA) Pty Limited	Mirvac Services Pty Limited
Mirvac Homes (VIC) Pty Limited	Mirvac Showground Pty Ltd
Mirvac Homes (WA) Pty Limited	Mirvac Showground Trust
Mirvac Hotel Services Pty Limited	Mirvac South Australia Pty Limited
Mirvac ID (Bromelton) Pty Limited	Mirvac Spare Pty Limited
Mirvac ID (Bromelton) Sponsor Pty Limited	Mirvac SPV 1 Pty Limited
Mirvac Industrial No. 2 Sub-Trust	Mirvac St Leonards Pty Limited
Mirvac Industrial Sub SPV Pty Limited	Mirvac St Leonards Trust
Mirvac International (Middle East) No. 2 Pty Limited	Mirvac T6 Pty Ltd
Mirvac International No 3 Pty Limited	Mirvac T6 Trust
Mirvac Investment Manager Pty Ltd	Mirvac Trademarks Pty Limited
Mirvac JV's Pty Limited	Mirvac TS Pty Limited ¹
Mirvac Kemps Creek Trust	Mirvac Ventures Pty Limited
Mirvac Kensington Pty Ltd	MirvacX Retail Solutions Pty Limited ³
Mirvac Kent Street Holdings Pty Limited	MRV Hillsdale Pty Limited
Mirvac King Street Pty Ltd	MWID (Brendale) Pty Limited
Mirvac Leader Pty Limited ¹	MWID (Brendale) Unit Trust
Mirvac Living Investment Company Pty Ltd	MWID (Mackay) Pty Limited
Mirvac Living Investment Manager Pty. Ltd.	Newington Homes Pty Limited
Mirvac Living Real Estate Services Pty. Ltd.	Oakstand No.15 Hercules Street Pty Ltd
Mirvac Locomotive Trust	O'Connell LH Pty Limited
Mirvac Maker Space Pty Limited ²	Picket & Co Development Pty Limited ¹
Mirvac Mandurah Pty Limited	Picket & Co NSW Head Trust ¹
Mirvac McCormacks Road Pty Limited ¹	Picket & Co Operations Pty Limited ¹
Mirvac Newcastle Pty Limited	Picket & Co Property Pty Limited ¹
Mirvac NIC Trust ¹	Picket & Co Pty Ltd ⁴
Mirvac Nike Holding Pty Limited	Pigface Unit Trust
Mirvac North Sydney Office Holdings Pty Limited	Planned Retirement Living Pty Ltd
Mirvac North Sydney Office Holdings Trust	Post Bidco Pty Limited
Mirvac Old Treasury Holdings Pty Limited	Post Financier Pty Limited ⁵
Mirvac Parking Pty. Limited	Post Sale Portfolio Issuer Pty Limited
Mirvac Parramatta Sub-Trust No. 2	Rovno Pty. Limited
Mirvac Pennant Hills Residential Trust	Spring Farm Finance Pty Limited
Mirvac Pitt Street Trust No. 2	Springfield Development Company Pty Limited
Mirvac Precinct 2 Pty Limited	SPV Magenta Pty Limited
Mirvac Precinct Trust	Suntrack Holdings Pty Limited
Mirvac Procurement Pty Ltd	Suntrack Property Trust
Mirvac Project Trust	Taree Shopping Centre Pty Limited ⁶
Mirvac Projects (Retail and Commercial) Pty Ltd	TMT Finance Pty Ltd
Mirvac Projects Dalley Street Pty Limited	Treasury Square Trust ¹
Mirvac Projects Dalley Street Trust	TS Triangle Pty Limited ¹
Mirvac Projects George Street Pty Limited	TS Triangle Trust ¹
Mirvac Projects George Street Trust	Tucker Box Management Pty Limited

1. This entity was established during the year.

2. Previously registered as Mirvac Capital Partners Investment Management Pty Limited.

3. Previously registered as Fyfe Road Pty Limited.

4. This entity was acquired during the year.

5. This entity commenced a Member's Voluntary Liquidation on 8 July 2021.

6. This entity was deregistered during the year.

INTERESTS IN CONTROLLED ENTITIES OF MPT

10-20 Bond Street Trust	Mirvac Industrial No. 1 Sub-Trust
367 Collins Street No. 2 Trust	Mirvac Kensington Trust
367 Collins Street Trust	Mirvac Kirrawee Trust No. 1
380 St Kilda Road Trust	Mirvac Kirrawee Trust No. 2
477 Collins Street No. 1 Trust	Mirvac La Trobe Office Trust
Australian Office Partnership Trust	Mirvac Living Trust
Eveleigh Trust	Mirvac Padstow Trust No. 1
James Fielding Trust	Mirvac Parramatta Sub-Trust No. 1
Joynton North Property Trust	Mirvac Pitt Street Trust
Joynton Properties Trust	Mirvac Property Trust No. 3
Meridian Investment Trust No. 1	Mirvac Property Trust No. 4
Meridian Investment Trust No. 2	Mirvac Property Trust No. 5
Meridian Investment Trust No. 3	Mirvac Property Trust No. 6
Meridian Investment Trust No. 4	Mirvac Property Trust No. 7
Meridian Investment Trust No. 5	Mirvac Real Estate Investment Trust
Meridian Investment Trust No. 6	Mirvac Retail Head Trust
Mirvac 90 Collins Street Trust	Mirvac Retail Sub-Trust No. 1
Mirvac Allendale Square Trust	Mirvac Retail Sub-Trust No. 2
Mirvac Ann Street Trust	Mirvac Retail Sub-Trust No. 3
Mirvac Bay St Trust	Mirvac Retail Sub-Trust No. 4
Mirvac Bourke Street No. 1 Sub-Trust	Mirvac Rhodes Sub-Trust
Mirvac Broadway Sub-Trust	Mirvac Rydalmere Trust No. 1
Mirvac Capital Partners 1 Trust	Mirvac Rydalmere Trust No. 2
Mirvac Collins Street No. 1 Sub-Trust	Mirvac Smail St Trust
Mirvac Commercial No. 3 Sub-Trust	Mirvac Toombul Trust No. 1
Mirvac Commercial Trust	Mirvac Toombul Trust No. 2
Mirvac Group Funding No.2 Pty Limited	Old Treasury Holding Trust
Mirvac Group Funding No.3 Pty Limited	Springfield Regional Shopping Centre Trust
Mirvac Hoxton Park Trust	The George Street Trust

Directors' declaration

For the year ended 30 June 2021

In the Directors' opinion:

- a. the financial statements and the notes set out on pages 79 to 137 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position at 30 June 2021 and of its performance for the financial year ended on that date;
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group identified in note I2 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note G1.

The basis of preparation note confirms that the financial statements also comply with IFRS as issued by the IASB.

The Directors have been given the declarations by the CEO & Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



SUSAN LLOYD-HURWITZ

Director

Sydney

12 August 2021

Independent auditor's report

For the year ended 30 June 2021



Independent auditor's report

To the stapled securityholders of Mirvac Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Mirvac Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group's financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent auditor's report

continued



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
For the purpose of our audit we used overall Group materiality of \$28.25 million, which represents approximately 5% of the Funds from Operations of the Group. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Funds from Operations of the Group because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group owns and manages investment property assets across Sydney, Melbourne, Brisbane, Perth and Canberra. The Group's development activities also create and deliver commercial assets and residential projects across these locations. The accounting processes are structured around a Group finance function at its head office in Sydney.	Amongst other relevant topics, we communicated the following key audit matters to the Audit, Risk and Compliance Committee: - Carrying value of residential inventories - Fair value of investment properties - Construction and development services management revenue These are further described in the <i>Key audit matters</i> section of our report.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter

Carrying value of residential inventories (Refer to note C4) \$1,767m

Residential inventories are recognised at the lower of cost and net realisable value for each residential development project.

The Group's estimate of net realisable value includes assumptions about future market and economic conditions which are inherently subject to the risk of change. The economic impact of the COVID-19 pandemic in Australia has increased the level of judgement and uncertainty in the assumptions used in determining the net realisable value of residential inventories as described in note C4.

This was a key audit matter given:

- The relative size of the residential inventories balance in the Consolidated Statement of Financial Position; and
- The significant judgment and uncertainty involved in estimating net realisable value.

How our audit addressed the key audit matter

We performed tests of selected controls related to:

- The Group's review of capitalised costs relating to new residential development projects; and
- The Group's process for review of key assumptions used in the estimation of net realisable value across the residential development project portfolio.

We performed a risk assessment over the Group's residential development project portfolio to determine those residential inventories at greater risk of being carried at an amount in excess of their recoverable amount. Our risk assessment was informed by our understanding obtained of the significant assumptions relevant to the net realisable value of each project, consideration of the results of the Group's process for estimation of net realisable value, the stage of development progress of each project, our observations made through site visits during the year and our understanding of current economic conditions relevant to individual project locations, including the impact of COVID-19.

For those projects which were assessed as being at greater risk, we performed procedures to assess the appropriateness of key assumptions used in the Group's estimate of net realisable value. In our audit procedures we:

- Obtained the project feasibility model that the Group uses to assess net realisable value and held discussions with management to develop an understanding of the basis for assumptions used in the model.
- Assessed the appropriateness of key assumptions by:
 - Comparing forecast sales rates against actual sales rates for a month before and a month after balance date.
 - Comparing estimated sales prices to recent market sales data for the project location or internal data for recently executed sales at the project.

Independent auditor's report

continued



- Considering the basis for other key assumptions including whether costs to complete are consistent with the expected project completion programmes, the planned sales incentives and any allocation of costs across stages on multistage projects.
- Assessed whether the carrying value was the lower of cost and net realisable value.

We also assessed the reasonableness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

Key audit matter

Fair value of investment properties (Refer to note C2) \$11,821m

Investment properties are recognised at fair value.

The Group's estimate of fair value of investment properties includes assumptions about unobservable inputs including future market and economic conditions which are inherently subject to the risk of change. The economic impact of the COVID-19 pandemic in Australia has increased the level of judgement and uncertainty in the assumptions used in determining the fair value of investment properties as described in note C2.

At each reporting period, the Directors determine the fair value of the Group's investment property portfolio having regard to the Group's valuation policy which requires all properties to be externally valued by valuation experts at least once every two years. In the period between external valuations the Directors' valuation is supported by internal Mirvac valuation models.

Fair value of investment properties was a key audit matter because:

- Investment property balances are financially significant in the Consolidated Statement of Financial Position.
- The impact of changes in the fair value of investment properties can have a significant effect on the Group's total comprehensive income.
- Investment property valuations are inherently subjective due to the use of unobservable inputs in the valuation methodology.
- Fair values are highly sensitive to changes in key assumptions.

How our audit addressed the key audit matter

We performed tests of selected controls related to:

- The Group's compliance with its policy to externally value all properties at least once in the last two years and to rotate valuation firms.
- The approval of the adopted fair values for all individual properties by the Directors of the Group.

We agreed the fair values of all properties to the external valuation or internal valuation model (together, the 'valuations') and assessed the competency, capability and objectivity of the relevant external or internal valuer.

We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the Group invests.

We engaged PwC valuation experts to join our discussions with several valuation firms to obtain an understanding and assess the appropriateness of the methodology used by each of the firms to address the increased market uncertainty related to COVID-19 impacting the valuations.

We met with management to discuss the specifics of the property portfolio including, amongst other things, any significant leasing activity, capital expenditure and vacancies impacting the portfolio.

We evaluated the completeness and accuracy of tenancy schedules used in the valuations on a sample basis to evaluate whether the relevant leasing information had been correctly input.

We performed a risk assessment over the Group's investment property portfolio to determine those properties at greater risk of fair value being materially misstated. Our risk assessment was informed by our understanding of each property, consideration of the results of the Group's estimate of fair value and our understanding of current market conditions including the impact of COVID-19.



For those properties which were assessed as being at greater risk, we performed procedures to assess the appropriateness of key assumptions used in the Group's assessment of fair value. In our audit procedures over the valuations we:

- Obtained the valuation and held discussions with management to develop an understanding of the basis for assumptions used.
- Assessed the appropriateness of the methodology adopted and the mathematical accuracy of the valuations.
- Assessed the appropriateness of the capitalisation rate, discount rate and market rents used in the valuation by comparing them against market data for comparable properties.
- Assessed the appropriateness of rental income data used in the valuation against rental income recorded in the general ledger in FY21 for each property.

We also assessed the reasonableness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

Key audit matter

Development and construction management services revenue (Refer to note B2) \$381m

Construction and development management services revenue is recognised based on the satisfaction of performance obligations.

There is judgement required by the Group to determine when performance obligations are met. In particular, where revenue is recognised on a percentage of completion basis, it involves the use of forward-looking assumptions including forecast costs of completion and the date of project completion.

Revenue recognition on construction projects was a key audit matter because:

- There is significant judgement in determining the amount of revenue to be recognised in the year;
- These revenue streams are significant to the Group's comprehensive income; and
- Changes in the assumptions used to estimate the percentage of completion on construction projects can have a significant effect on the Group's comprehensive income.

How our audit addressed the key audit matter

For a sample of projects we:

- Obtained the relevant development agreements executed between the Group and the external customer(s) and evaluated the terms of the agreement to obtain an understanding of the performance obligations and transaction price.
- Performed site visits to obtain an understanding of the overall project scope and stage of progress.

We performed audit procedures over a sample of projects for which revenue was recognised in the year. In our audit procedures we:

- Obtained and discussed the project feasibility model with management to develop an understanding of project status and risks and the basis of the assumptions used by the Group in their assessment of revenue and costs for the year.
- Obtained and assessed the appropriateness of evidence used by the Group to support forecast project revenue.
- Performed look-back procedures, comparing current year revenue recognised to prior year revenue forecasts for FY21.

Independent auditor's report

continued



- Obtained and assessed the appropriateness of evidence used by the Group to support forecast costs of completion and date of project completion.
- Performed look-back procedures, comparing current year costs recognised to prior year costs forecasts for FY21.
- Assessed the appropriateness of capitalisation of costs incurred to date and agreed forecast costs to completion to the project feasibility model.

We also assessed the reasonableness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 56 to 77 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in a dark grey color.

PricewaterhouseCoopers

A handwritten signature of 'V. Papageorgiou' in a dark grey color.

Voula Papageorgiou
Partner

A handwritten signature of 'Joe Sheeran' in a dark grey color.

Joe Sheeran
Partner

Sydney
12 August 2021

Securityholder information

For the year ended 30 June 2021

MANAGING YOUR SECURITYHOLDING

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

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

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

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

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

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

The information set out below was prepared at 30 July 2021 and applies to Mirvac's stapled securities (ASX code: MGR). As at 30 July 2021 there were 3,937,556,510 stapled securities on issue.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX at 30 July 2021:

Name	Date of change	Number of stapled securities	Percentage of issued equity ¹ %
The Vanguard Group, Inc	18/09/2019	415,601,897	10.57
BlackRock Group (BlackRock Inc. and subsidiaries)	18/02/2019	342,191,415	9.35
APG Asset Management N.V.	14/07/2020	202,695,923	5.15

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

RANGE OF SECURITYHOLDERS

Range	Number of holders	Number of securities	Percentage of issued equity ¹ %
1 to 1,000	7,718	3,510,791	0.09
1,001 to 5,000	9,281	24,826,611	0.63
5,001 to 10,000	4,098	30,241,923	0.77
10,001 to 100,000	5,033	119,442,893	3.03
100,001 and over	216	3,759,534,292	95.48
Total number of securityholders	26,346	3,937,556,510	100

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

20 LARGEST SECURITYHOLDERS

Name	Number of stapled securities	Percentage of issued equity %
1. HSBC Custody Nominees (Australia) Limited	1,804,679,476	45.83
2. J P Morgan Nominees Australia Pty Limited	865,206,721	21.97
3. Citicorp Nominees Pty Limited	400,130,168	10.16
4. National Nominees Limited	201,185,787	5.11
5. BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	162,776,528	4.13
6. BNP Paribas Noms Pty Ltd <Drp>	74,026,808	1.88
7. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	43,173,974	1.10
8. BNP Paribas Nominees Pty Ltd Six Sis Ltd <Drp A/C>	31,906,457	0.81
9. HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	22,366,562	0.57
10. BNP Paribas Noms (NZ) Ltd <Drp>	15,502,562	0.39
11. Buttonwood Nominees Pty Ltd	10,411,173	0.26
12. Solium Nominees (Australia) Pty Ltd <Vsa A/C>	9,507,078	0.24
13. BNP Paribas Nominees Pty Ltd ACF Clearstream	8,380,398	0.21
14. AMP Life Limited	6,170,843	0.16
15. Argo Investments Limited	6,000,551	0.15
16. HSBC Custody Nominees (Australia) Limited – A/C 2	5,907,975	0.15
17. One Managed Investment Funds Ltd <Charter Hall Maxim Property Sec A/C>	5,700,000	0.14
18. Sobeda Pty Ltd <IWEUS Balance A/C>	5,020,678	0.13
19. Neweconomy Com AU Nominees Pty Limited <900 Account>	4,803,694	0.12
20. Djerriwarrh Investments Limited	3,862,500	0.10
Total for 20 largest securityholders	3,686,719,933	93.63
Total other securityholders	250,836,577	6.37
Total stapled securities on issue	3,937,556,510	100.00

Number of securityholders holding less than a marketable parcel (being 174 securities at the closing market price of \$ \$2.86 on 30 July 2021): 1,183.

VOTING RIGHTS

Subject to the Constitutions of Mirvac Limited and of MPT and to any rights or restrictions for the time being attached to any class or classes of shares, units or stapled securities:

- > on a show of hands, each Member present in person or by proxy, attorney, or representative has one vote; and
- > on a poll, each Member has:
 - in the case of a resolution of Mirvac Limited, one vote for each share in Mirvac Limited held; and
 - in the case of a resolution of MPT, one vote for each whole \$1.00 of unit value in MPT held.

Glossary

AASB	Australian Accounting Standards Board	IIP	Integrated Investment Portfolio
ABN	Australian Business Number	IP	Investment properties
AGM	Annual General and General Meeting	IPUC	Investment properties under construction
ARCC	Audit, Risk & Compliance Committee	JVA	Joint ventures and associates
ARSN	Australian Registered Scheme Number	KMP	Key management personnel
ASIC	Australian Securities and Investments Commission	LSL	Long service leave
ASX	Australian Securities Exchange	LTI	Long-term incentives
BTR	Build to Rent	LTIFR	Lost time injury frequency rates
CCIRS	Cross currency interest rate swap	MPC	Masterplanned communities
CEO	Chief Executive Officer	MPT	Mirvac Property Trust
CEO/MD	Chief Executive Officer/Managing Director	MTN	Medium-term notes
CFO	Chief Financial Officer	NABERS	National Australian Built Environment Rating System
CGU	Cash generating unit	NED	Non-Executive Directors
CHES	Clearing House Electronic Subregister System	NOI	Net operating income
CPSS	Cents per stapled security	NRV	Net realisable value
DCF	Discounted cash flow	PPE	Property, plant and equipment
DRP	Dividend/distribution reinvestment plan	PwC	PricewaterhouseCoopers
EBIT	Earnings before interest and taxes	RAP	Reconciliation action plan
EBITDA	Earnings before interest, taxes, depreciation and amortisation	ROIC	Return on invested capital
ECL	Expected credit loss	SBP	Security-based payments
EEP	Employee Exemption Plan	SaaS	Software-as-a-Service
EIS	Employee Incentive Scheme	SoCE	Statement of changes in equity
ELT	Executive Leadership Team	SoCF	Statement of cash flows
EPS	Earnings per stapled security	SoCI	Statement of comprehensive income
FFO	Funds From Operations	SoFP	Statement of financial position
FY19	Year ended 30 June 2019	SRN	Securityholder Reference Number
FY20	Year ending 30 June 2020	STI	Short-term incentives
FY21	Year ending 30 June 2021	TFN	Tax file number
FY22	Year ending 30 June 2022	TGS	Tax governance statement
HIN	Holder Identification Number	TSR	Total Shareholder Return
HRC	Human Resources Committee	TTC	Tax Transparency Code
HSE	Health, safety and environment	USPP	US Private Placement
HSE&S	Health, safety, environment and sustainability	WACC	Weighted average cost of capital
IASB	International Accounting Standards Board	WALE	Weighted average lease expiry
IFRS	International Financial Reporting Standards		

Directory & upcoming events

For the year ended 30 June 2021

REGISTERED OFFICE/PRINCIPAL OFFICE

Mirvac Group (comprising Mirvac Limited ABN 92 003 280 699 and Mirvac Funds Limited ABN 70 002 561 640, AFSL 233121 as responsible entity of MPT ARSN 086 780 645)

Level 28
200 George Street
Sydney NSW 2000

Telephone +61 2 9080 8000

Facsimile +61 2 9080 8111

www.mirvac.com

SECURITIES EXCHANGE LISTING

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

DIRECTORS

John Mulcahy (Chair)
Susan Lloyd-Hurwitz (CEO/MD)
Christine Bartlett
Jane Hewitt
James M. Millar AM
Samantha Mostyn AO
Peter Nash
Robert Sindel

COMPANY SECRETARY

Michelle Favelle

STAPLED SECURITY REGISTRY

Link Market Services Limited
1A Homebush Bay Drive Rhodes NSW 2138

Telephone +61 1800 356 444

SECURITYHOLDER ENQUIRIES

Telephone +61 1800 356 444

Correspondence should be sent to:

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

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

AUDITOR

PricewaterhouseCoopers
One International Towers Sydney,
Watermans Quay Barangaroo NSW 2000

ANNUAL GENERAL AND GENERAL MEETING

Mirvac Group's 2021 AGM will be held at 11.00am (AEDT) Tuesday, 16 November 2021

UPCOMING EVENTS

21 October 2021 First Quarter Operational Update
16 November 2021 Annual General and General Meetings



Reimagine Urban Life