MIRVAC PROPERTY TRUST
2017 ANNUAL REPORT

MIRVAC PROPERTY TRUST
AND ITS CONTROLLED ENTITIES

Annual Report
For the year ended 30 June 2017

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

The Directors of Mirvac Funds Limited (ABN 70 002 561 640, AFSL 233121), the Responsible Entity of Mirvac Property Trust (MPT or Trust) present their report, together with the consolidated report of MPT and its controlled entities (consolidated entity) for the year ended 30 June 2017.

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

Responsible Entity

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

Directors

The following persons were Directors of Mirvac Funds Limited during the whole of the year and up to the date of this report, unless otherwise stated:
- John Mulcahy
- Susan Lloyd-Hurwitz
- Christine Bartlett
- Peter Hawkins
- James M. Millar AM
- Samantha Mostyn
- John Peters
- Elana Rubin.

Principal activities

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

REVIEW OF OPERATIONS AND ACTIVITIES

Financial Year 2017 (FY17) FINANCIAL AND CAPITAL MANAGEMENT HIGHLIGHTS

Key financial highlights for the year ended 30 June 2017:

- profit attributable to the stapled unitholders of MPT of $935.4m, driven by substantial revaluation gains on investment properties;
- operating cash inflow of $378.3m;
- distributions of $385.5m, representing 10.4 cents per stapled unit; and
- net tangible assets per stapled unit of $2.32, up from $1.74 (June 2016).

Key capital management highlights for the year ended 30 June 2017:

The consolidated entity's capital structure is monitored at the Group level. Key capital management highlights relating to the Group for the year ended 30 June 2017 include:

- substantial available liquidity of $749.4.0m in cash and committed undrawn bank facilities held, with $200.0m of debt due for repayment in December 2017;
- weighted average debt maturity increased significantly from 4.5 years (June 2016) to 6.2 years, following over $1bn of debt issuance over the past six months, including:
- > $536.8m (US$400m) of US Private Placement notes for terms of 11, 12 and 15 years;
- > $250.0m of medium term notes (MTN) for a term of seven years under the Group's MTN program;
- > $118.2m (JPY 10bn) of Euro medium term notes (EMTN) for a term of 15 years, the first issuance under the Group's EMTN program; and
- > $200.0m of bank debt extended from 30 September 2017 to 30 September 2021; and
- average borrowing costs reduced to 4.8 per cent per annum as at 30 June 2017 (June 2016: 5.0 per cent), including margins and line fees, following the issuance of new debt and the repayment of maturing debt.

FINANCIAL, CAPITAL MANAGEMENT AND OPERATIONAL HIGHLIGHTS (continued)

Key operational highlights for the year ended 30 June 2017:

- investment property revaluations provided an uplift of $500.3m for the 12 months to 30 June 2017;
- 101 Miller Street, North Sydney NSW: signed approximately 17,400 square metres, with new tenanting including Chubb Insurance, White Clarke and Bedford Education. The State Government also renewed its lease and took additional space for a combined area of 10,270 square metres for a 10-year term;
- 2 Riverside Quay, Southbank VIC: now 100 per cent leased with approximately 2,300 square metres of deals signed in FY17;
- 37 Pitt Street and 51 Pitt Street, Sydney NSW: active leasing continued during the financial year, with 14 deals executed over a combined area of 6,500 square metres across the two buildings;
- Calibre, Eastern Creek NSW: following the successful completion and leasing of Warehouse 1 in the first half of FY17, construction of the second warehouse, a 21,000 square metre high-quality flexible facility, commenced in June 2017, with practical completion anticipated for FY18. Strong tenant interest has been received for the next facility and balance of the estate;
- Broadway Sydney NSW: ranked No.1 in Shopping Centre News' Big Guns Awards for moving annual turnover per square metre (MAT/m^2) for the fifth consecutive year; and
- East Village, Zetland NSW: ranked No. 1 in Shopping Centre News' Little Guns Awards for total sales productivity in its first year of entry. The acquisition of a 50 per cent interest in the centre was completed in July 2016.

Market outlook[1]:

Office
Sydney and Melbourne office markets are in the midst of a strong rental upswing, with tightening vacancy placing upward pressure on rents. There has been further evidence of a modest recovery in tenant demand in Brisbane, while the sharp occupancy contractions experienced in Perth have abated over the past six months. The Trust will continue to focus on the key urban markets of Sydney and Melbourne, as well as creating innovative, collaborative and flexible workplaces that generate value, while improving the quality of the portfolio.

Industrial
Leasing activity in the Sydney and Melbourne markets has been tracking at above average levels with take-up concentrated to new development stock. Both markets have benefited from healthy retail sales and elevated housing investment, while in Sydney, ongoing solid economic growth and a pick-up in state-funded infrastructure investment will be supportive of demand in 2017. The Trust's strategic overweight to the strong performing Sydney market ensures that the industrial portfolio will continue to provide secure stable income.

Retail
While the broader retail environment faces some challenges, shopping centres with strong catchment fundamentals continue to be well supported. The Trust's retail portfolio is located in the service-based economies of Sydney, South East Queensland and Melbourne, which continue to record stronger employment and population growth, and higher levels of housing equity than regional areas. In addition, well-performing centres continue to attract quality tenants who in turn offer great customer experiences. The Trust's focus on high-quality assets in urban catchments with strong fundamentals is expected to support a continued outperformance in the retail sector.

Risks:

Tenant demand for office space remains challenging in Brisbane and Perth; however, the Trust's overweight position to Sydney and Melbourne means it is well placed against this backdrop. Retail sales continue to grow overall, however, certain retailer category performance has softened and leasing demand remains variable. To mitigate these risks, the Trust is focused on continually refreshing its retail assets (via refurbishment, redevelopment or tenant remixing) to adapt to changing market dynamics.

Interests in the Trust

	2017 No. units m	2016 No. units m
Total ordinary stapled units issued	**3,703.3**	3,699.1
Stapled units issued under long term incentive (LTI) plan and employee incentive scheme (EIS)	**2.3**	2.6
Total stapled units issued	**3,705.6**	3,701.7

Refer to note E2 to the consolidated financial statements for a reconciliation of the interests in the consolidated entity issued during the financial year.

1. These future looking statements should be read in conjunction with future releases to the Australian Securities Exchange (ASX).

Environmental regulations

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

More information on Mirvac's sustainability strategy, actions and performance for the year ended 30 June 2017 can be found in its Sustainability report available in October 2017 on Mirvac's website at: http://www.mirvac.com/Sustainability/Sustainability-Reports/.

Instruments held by Directors

Particulars of Directors' interests in the stapled securities of Mirvac or a related body corporate, are as follows:

Director	Mirvac stapled securities	Interests in securities of related entities or related bodies corporate
John Mulcahy (indirect)	25,000	-
Susan Lloyd-Hurwitz (direct)	1,523,235	-
- performance rights	3,023,704	-
Christine Bartlett (direct)	25,000	-
Peter Hawkins (direct and indirect)	596,117	-
James M. Millar AM (indirect)	40,714	-
Samantha Mostyn (direct)	15,000	-
John Peters (indirect)	30,000	-
Elana Rubin (direct)	34,343	-

During the year ended 30 June 2009, Mirvac introduced a security acquisition plan for Non-Executive Directors whereby they could sacrifice a portion of their Directors' fees each month and use them to acquire additional Mirvac stapled securities. No Non-Executive Directors acquired securities under this plan during the year ended 30 June 2017 (2016: nil). However, securities purchased in previous years continue to be held in the plan.

Non-audit services

From time to time, the consolidated entity 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 2017 are set out in note H6 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 Trust, acting as advocate for the Trust or jointly sharing economic risk and rewards.

Net current asset deficiency

As at 30 June 2017, the Trust is in a net current liability position of $187.5m. The Trust repays its borrowings with excess cash, but had access to $762.8m of unused borrowing facilities at 30 June 2017. Accordingly, the Directors of the Responsible Entity expect that the Trust will have sufficient cash flows to meet all financial obligations as and when they fall due.

Significant changes in the state of affairs

Details of the state of affairs of the consolidated entity are disclosed within the Review of Operations and Activities section.

Matters subsequent to the end of the year

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

Insurance of officers

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

Fees paid to the Responsible Entity or its associates

Fees paid to the Responsible Entity out of Trust property during the year were $14.5m (2016: $12.3m). Fees charged by the Responsible Entity represent recovery of costs. No fees were paid out of Trust property to the Directors of the Responsible Entity during the year. Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in note H4 to the consolidated financial statements.

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 7 and forms part of the Directors' report.

Rounding of amounts

The amounts in the financial statements have been rounded off to the nearest tenth of a million (m) dollars in accordance with the *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
17 August 2017

Auditor's independence declaration

As lead auditor for the audit of Mirvac Property Trust for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

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

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

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
17 August 2017

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

The Responsible Entity of Mirvac Property Trust is Mirvac Funds Limited (ABN 70 002 561 640, AFSL 233121), a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Mirvac Funds Limited
Level 28
200 George Street
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 2 to 6, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 17 August 2017. The Directors have the power to amend and reissue the financial statements.

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

	Note	2017 $m	2016 $m
Revenue	B2	**577.1**	594.7
Other income			
Net revaluation gains from investment properties and investment properties under construction	C1	**500.3**	500.4
Share of net profit of joint ventures	C2	**112.5**	96.3
Gain on foreign exchange and financial instruments	B2	**2.1**	-
Net gain on sale of assets	B2	**0.3**	42.0
Total other income		**615.2**	638.7
Total revenue and other income		**1,192.3**	1,233.4
Investment property expenses and outgoings		**156.9**	156.8
Amortisation expenses		**25.4**	23.8
Finance costs	B3	**53.0**	52.3
Loss on foreign exchange and financial instruments	B3	**-**	6.4
Other expenses		**18.1**	15.1
Profit before income tax		**938.9**	979.0
Income tax expense	B5	**3.5**	0.7
Profit for the year attributable to stapled unitholders		**935.4**	978.3
Other comprehensive income that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	E3	**(0.9)**	0.7
Other comprehensive income for the year		**(0.9)**	0.7
Total comprehensive income for the year attributable to stapled unitholders		**934.5**	979.0
Earnings per stapled unit for profit for the year attributable to stapled unitholders		**Cents**	Cents
Basic earnings per stapled unit	H2	**25.3**	26.5
Diluted earnings per stapled unit	H2	**25.2**	26.4

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

	Note	2017 $m	2016 $m
Current assets			
Cash and cash equivalents		**29.2**	28.5
Receivables	F1	**16.1**	21.2
Other financial assets	F2	**130.6**	2.2
Other assets		**11.2**	10.9
Total current assets		**187.1**	62.8
Non-current assets			
Receivables	F1	**0.7**	2.8
Investments in joint ventures	C2	**794.6**	574.0
Other financial assets	F2	**24.0**	151.7
Investment properties	C1	**7,596.4**	7,060.7
Intangible assets	F3	**42.8**	42.8
Total non-current assets		**8,458.5**	7,832.0
Total assets		**8,645.6**	7,894.7
Current liabilities			
Payables	F4	**144.2**	201.1
Provisions	F5	**203.9**	192.6
Borrowings	D2	**23.5**	-
Deferred tax liability	B5	**3.0**	-
Total current liabilities		**374.6**	393.7
Non-current liabilities			
Borrowings	D2	**1,245.6**	1,030.7
Total non-current liabilities		**1,245.6**	1,030.7
Total liabilities		**1,620.2**	1,424.4
Net assets		**7,025.4**	6,470.4
Equity			
Contributed equity	E2	**4,771.0**	4,765.0
Reserves	E3	**10.2**	11.1
Retained earnings		**2,244.2**	1,694.3
Total equity attributable to the stapled unitholders		**7,025.4**	6,470.4

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

		Attributable to stapled unitholders of MPT			
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
Balance 30 June 2015		4,758.6	10.4	1,082.5	5,851.5
Profit for the year		-	-	978.3	978.3
Other comprehensive income for the year		-	0.7	-	0.7
Total comprehensive income for the year		**-**	**0.7**	**978.3**	**979.0**
Transactions with owners in their capacity as owners					
Unit-based payments					
Expense recognised - Employee Exemption Plan (EEP)	E2	0.9	-	-	0.9
LTI vested	E2	3.7	-	-	3.7
Legacy schemes vested	E2	1.8	-	-	1.8
Distributions	E1	-	-	(366.5)	(366.5)
Total transactions with owners in their capacity as owners		6.4	-	(366.5)	(360.1)
Balance 30 June 2016		4,765.0	11.1	1,694.3	6,470.4
Profit for the year		-	-	935.4	935.4
Other comprehensive income for the year		-	(0.9)	-	(0.9)
Total comprehensive income for the year		**-**	**(0.9)**	**935.4**	**934.5**
Transactions with owners in their capacity as owners					
Unit-based payments					
Expense recognised - EEP	E2	0.9	-	-	0.9
LTI vested	E2	4.1	-	-	4.1
Legacy schemes vested	E2	1.0	-	-	1.0
Distributions	E1	-	-	(385.5)	(385.5)
Total transactions with owners in their capacity as owners		**6.0**	**-**	**(385.5)**	**(379.5)**
Balance 30 June 2017		**4,771.0**	**10.2**	**2,244.2**	**7,025.4**

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

Mirvac Property Trust and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2017

	Note	2017 $m	2016 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**614.7**	625.8
Payments to suppliers (inclusive of goods and services tax)		**(236.2)**	(230.8)
		378.5	395.0
Interest received		**11.3**	17.6
Distributions received from joint ventures		**46.0**	31.9
Interest paid	B3	**(57.0)**	(58.9)
Income tax paid	B5	**(0.5)**	(0.7)
Net cash inflows from operating activities	H5	**378.3**	384.9
Cash flows from investing activities			
Payments for investment properties		**(433.7)**	(696.1)
Proceeds from sale of investment properties		**335.6**	647.1
Proceeds from loans to unrelated parties		**2.7**	38.5
Contributions to joint ventures		**(154.9)**	(0.3)
Payments for other financial assets		**-**	(26.5)
Proceeds from other financial assets		**2.1**	9.0
Net cash outflows from investing activities		**(248.2)**	(28.3)
Cash flows from financing activities			
Proceeds from loans from entities related to Responsible Entity		**855.0**	936.0
Repayments of loans to entities related to Responsible Entity		**(615.3)**	(933.7)
Proceeds from issued units		**5.0**	4.5
Distributions paid		**(374.1)**	(355.1)
Net cash outflows from financing activities		**(129.4)**	(348.3)
Net increase in cash and cash equivalents		**0.7**	8.3
Cash and cash equivalents at the beginning of the year		**28.5**	20.2
Cash and cash equivalents at the end of the year		**29.2**	28.5

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

A BASIS OF PREPARATION

Mirvac – stapled securities

A Mirvac stapled security comprises one Mirvac Limited share 'stapled' to one unit in the Trust 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 entity 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 Mirvac Group.

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).

The consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

Basis of preparation

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; and
- assets held for sale which are measured at lower of carrying value and fair value less costs to sell.

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

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

Critical accounting estimates and judgements

The preparation of financial statements requires estimation and judgement. The areas involving a higher degree of estimation or judgement are discussed in the following notes:

	Note		Note
Revenue	B2	Fair value measurement of financial instruments	D4
Investment properties	C1	Goodwill	F3
Investments in joint ventures	C2		

New and amended standards adopted by the Trust

The new and amended standards adopted by the consolidated entity for the year ended 30 June 2017 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.

New standards not yet adopted

Certain new accounting standards have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Trust. The Trust's assessment of the impact of these new standards is set out below:

Accounting standard	Nature of change	Impact on financial statements	Mandatory application date/expected adoption date
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging.	The Trust does not expect a material impact to the Trust's accounting for financial instruments.	Mandatory for financial years commencing on or after 1 January 2018. The Trust will be required to adopt AASB 9 for the year ending 30 June 2019, and it will be applied retrospectively.
AASB 15 *Revenue from Contracts with Customers*	AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. AASB 15 will not impact on investment properties rental revenue, as the revenue is accounted for under AASB 117 *Leases*. AASB 15 permits either a full retrospective or a modified retrospective approach for adoption.	The new standard will have minimal impact on the Trust's property rental revenue. Currently, property rental revenue is recognised on a straight-line basis over the lease term. Recognition will remain the same for these income streams under the new standard.	Mandatory for financial years commencing on or after 1 January 2018, with early adoption permitted. The Trust expects to adopt this standard for the year ending 30 June 2019.
AASB 16 *Leases*	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will predominantly affect lessees, bringing all major leases on balance sheet.	As the Trust operates mainly as a lessor, the standard is not expected to impact the Trust's accounting for leases significantly.	Mandatory for financial years commencing on or after 1 January 2019. Early adoption permitted if AASB 15 is also adopted. The Trust expects to adopt this standard for the year ending 30 June 2020.

B RESULTS FOR THE YEAR

This section explains the results and performance of the consolidated entity, including detailed breakdowns and analysis.

B1 SEGMENT INFORMATION

Following the comprehensive revision of the Group's operating model, effective 1 July 2015, the consolidated entity is a single segment for reporting to the Executive Leadership Team (ELT). The ELT are the chief operating decision makers of the consolidated entity.

The consolidated entity operates predominantly in Australia. No single customer in the current or prior year provided more than 10 per cent of the consolidated entity's revenue.

B2 REVENUE

The consolidated entity's revenue is principally property rental revenue. Property rental revenue comes from holding properties as investment properties and earning rental yields over time.

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. The consolidated entity recognises revenue when it can be reliably measured and payment is probable.

Property rental revenue is recognised on a straight-line basis over the term of the lease net of any incentives.

	2017 $m	2016 $m
Revenue		
Property rental revenue	**565.0**	576.3
Interest revenue	**11.3**	17.4
Other revenue	**0.8**	1.0
Total revenue	**577.1**	594.7
Net gain on sale of assets		
Net gain on sale of investment properties	**0.3**	42.0
Total net gain on sale of assets	**0.3**	42.0
Gain on foreign exchange and financial instruments		
Foreign exchange gain on borrowings	**0.5**	-
Gain on revaluation of units in unlisted funds	**1.6**	-
Total gain on foreign exchange and financial instruments	**2.1**	-

B3 EXPENSES

Investment properties expenses and outgoings

Expenses and outgoings include rates and taxes and are recognised on an accruals basis.

	2017 $m	2016 $m
Profit before income tax includes the following specific expenses:		
Interest paid/payable	**57.0**	58.9
Borrowing costs capitalised	**(4.0)**	(6.6)
Total finance costs	**53.0**	52.3
Foreign exchange loss on borrowings	**-**	0.7
Loss on revaluation of units in unlisted funds	**-**	5.7
Total loss on foreign exchange and financial instruments	**-**	6.4

B4 EVENTS OCCURRING AFTER THE END OF THE YEAR

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

B5 INCOME TAX

Most of the consolidated entity's profit is earned by trusts which are not subject to taxation. Income from the trusts is instead attributed to unitholders who pay income tax at their marginal tax rates.

Tax allowances for depreciation are distributed to the stapled unitholders as a tax deferred component of the distribution.

The Trust has a controlled entity based in the USA which is subject to Federal and State taxes in the USA. The tax expense relates to the USA controlled entity.

	2017 $m	2016 $m
Current tax expense in the USA	**0.5**	0.7
Deferred tax expense in the USA	**3.0**	-
Total income tax expense	**3.5**	0.7

C PROPERTY

This section includes investment properties, investments in joint venture arrangements and assets held-for-sale. It represents the core assets of the business and drives the value of the consolidated entity.

C1 INVESTMENT PROPERTIES

The consolidated entity holds a property portfolio for long term rental yields and capital appreciation. Depending on the specific arrangements for each property, they are classified as investment properties or properties held through joint ventures.

Investment properties

Investment properties are properties owned by the consolidated entity. Investment properties include investment properties under construction, which will become investment properties once construction is completed.

The consolidated entity accounts for its investment properties at fair value and revaluations are recognised as other income. The fair value movements are non-cash and do not affect the consolidated entity's distributable income.

Judgement in fair value estimation

Fair value is based on the highest and best use of an asset - for all of the consolidated entity's property portfolio, the existing use is its 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, the consolidated entity uses external valuers on a rotational basis. Approximately half of the portfolio is externally valued each year with management internally estimating the fair value of the remaining properties.

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; and

Capitalisation rate: Capitalises the fully-leased net income for a property into perpetuity at an appropriate capitalisation rate.

The fully-leased 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.

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.

The key inputs and sensitivity to changes are explained below.

Lease incentives

The carrying amount of investment properties includes lease incentives provide to customers. Lease incentives are deferred and recognised on a straight-line basis over the lease term as a reduction of property rental income.

C1 INVESTMENT PROPERTIES (continued)

Reconciliation of carrying amount of investment properties

	2017 Total $m	2016 Total $m
Balance 1 July	**7,060.7**	6,475.9
Expenditure capitalised	**314.8**	382.9
Acquisitions	**106.3**	337.6
Disposals	**(343.7)**	(599.2)
Net revaluation gains from fair value adjustments	**500.3**	500.4
Exchange differences on translation of foreign operations	**(1.6)**	1.5
Amortisation of lease fitout incentives, leasing costs and rent incentives	**(40.4)**	(38.4)
Balance 30 June	**7,596.4**	7,060.7
Total investment properties	**7,427.1**	6,892.7
Total investment properties under construction	**169.3**	168.0

Fair value measurement and valuation basis

Investment properties are measured as Level 3 financial instruments. Refer to note D4 for explanation of the levels of fair value measurement.

The DCF, capitalisation rate and residual valuation methods all use unobservable inputs in determining fair value; ranges of the inputs are included below:

Sector	Level 3 Fair value	Inputs used to measure fair value				
		Net market income	10-year compound annual growth rate	Capitalisation rate	Terminal yield	Discount rate
	$m	$/sqm	%	%	%	%
2017						
Office	**4,291.4**	**342-1,410**	**2.72-3.95**	**5.00-8.25**	**5.25-8.50**	**6.75-8.50**
Industrial	**664.9**	**52-393**	**2.00-3.00**	**6.25-7.75**	**6.50-8.00**	**7.25-8.25**
Retail	**2,640.1**	**214-1,361**	**2.58-4.36**	**4.75-7.00**	**5.00-7.25**	**7.75-9.00**
2016						
Office	3,820.9	325-1,590	0.00-3.75	5.38-9.50	5.75-10.00	7.13-9.50
Industrial	578.8	52-225	2.50-3.50	6.50-7.75	7.00-8.00	7.75-8.25
Retail	2,661.0	225-1,524	3.00-4.40	5.25-7.00	5.50-7.25	7.75-9.00

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.

Future committed operating lease receipts

Property rental revenue is accounted for as operating leases. The revenue and expenses are recognised in the consolidated SoCI on a straight-line basis over the lease term. Payments for operating leases are made net of any lease incentives.

The future receipts are shown as undiscounted contractual cash flows.

	2017 $m	2016 $m
Future operating lease receipts as a lessor		
Within one year	**448.1**	416.8
Between one and five years	**1,319.7**	1,329.5
Later than five years	**792.3**	1,071.8
Total future operating lease receipts as a lessor	**2,560.1**	2,818.1

C2 INVESTMENTS IN JOINT VENTURES

A joint venture (JV) is an arrangement where the Trust has joint control over the activities and joint rights to the net assets. Refer to note G1 for details on how the Trust decides if it controls an entity.

The Trust initially records JV at the cost of the investment and subsequently accounts for them using the equity method. Under the equity method, the Trust's share of the JV's profit or loss is added to/deducted from the carrying amount each year. Distributions received or receivable are recognised by reducing the carrying amount of the JV.

When transactions between the Trust and its JV create an unrealised gain, the consolidated entity eliminates the unrealised gain relating to the Trust's proportional interest in the JV. Unrealised losses are eliminated in the same way unless there is evidence of impairment, in which case the loss is realised.

Judgement in testing for impairment of investments in JV

JV are tested for impairment at the end of each year, and impaired if necessary, by comparing the carrying amount to the recoverable amount. The recoverable amount is calculated as the estimated present value of future distributions to be received from the JV and from its ultimate disposal.

At 30 June 2017, none of the investments in JV is considered to be impaired (2016: nil).

All JV are established or incorporated in Australia.

The table below provides summarised financial information for those JV that are significant to the Trust. The information below reflects the total amounts presented in the financial statements of the relevant JV and not the Trust's share. The information has been amended to reflect any unrealised gains or losses on transactions between the Trust and its JV.

	Joynton North Property Trust		Mirvac 8 Chifley Trust		Mirvac (Old Treasury) Trust		Tucker Box Hotel Group		Total	
	2017 $m	2016 $m	2017 $m	2016 $m	2017 $m	2016 $m	2017 $m	2016 $m	2017 $m	2016 $m
Principal activities	Property investment		Property investment		Property investment		Hotel investment			
Summarised SoFP										
Cash and cash equivalents	**1.9**	-	**2.1**	0.2	**5.9**	5.6	**3.6**	3.3	**13.5**	9.1
Other current assets	**1.1**	-	**0.5**	2.1	**1.1**	1.6	**7.1**	6.9	**9.8**	10.6
Total current assets	**3.0**	-	**2.6**	2.3	**7.0**	7.2	**10.7**	10.2	**23.3**	19.7
Total non-current assets	**310.2**	-	**460.0**	411.5	**418.8**	408.6	**581.6**	506.8	**1,770.6**	1,326.9
Current financial liabilities (excluding trade payables)	**-**	-	**-**	-	**-**	2.2	**-**	9.2	**-**	11.4
Other current liabilities	**2.5**	-	**3.0**	2.5	**6.7**	4.8	**10.5**	2.3	**22.7**	9.6
Total current liabilities	**2.5**	-	**3.0**	2.5	**6.7**	7.0	**10.5**	11.5	**22.7**	21.0
Non-current financial liabilities (excluding trade payables)	**-**	-	**-**	-	**-**	-	**173.0**	169.8	**173.0**	169.8
Other non-current liabilities	**-**	-	**-**	-	**-**	-	**1.2**	0.8	**1.2**	0.8
Total non-current liabilities	**-**	-	**-**	-	**-**	-	**174.2**	170.6	**174.2**	170.6
Net assets	**310.7**	-	**459.6**	411.3	**419.1**	408.8	**407.6**	334.9	**1,597.0**	1,155
Trust's share of net assets (%)	**49.9**	-	**50.0**	50.0	**50.0**	50.0	**49.0**	49.0		
Trust's share of net assets ($)	**155.5**	-	**229.8**	205.6	**209.6**	204.3	**199.7**	164.1	**794.6**	574.0
Carrying amount in SoFP	**155.5**	-	**229.8**	205.6	**209.6**	204.3	**199.7**	164.1	**794.6**	574.0

C2 INVESTMENTS IN JOINT VENTURES (continued)

	Joynton North Property Trust		Mirvac 8 Chifley Trust		Mirvac (Old Treasury) Trust		Tucker Box Hotel Group		Total	
	2017 $m	2016 $m	**2017 $m**	2016 $m	**2017 $m**	2016 $m	**2017 $m**	2016 $m	**2017 $m**	2016 $m
Summarised SoCI										
Revenue	**22.6**	-	**77.1**	59.9	**40.3**	95.4	**115.8**	56.4	**255.8**	211.7
Interest income	**-**	-	**-**	-	**-**	0.6	**0.1**	0.1	**0.1**	0.7
Depreciation and amortisation	**2.0**	-	**-**	-	**-**	-	**-**	-	**2.0**	-
Interest expense	**-**	-	**-**	-	**-**	-	**7.3**	7.4	**7.3**	7.4
Income tax expense	**-**	-	**-**	-	**-**	-	**0.1**	0.2	**0.1**	0.2
Profit after tax	**13.7**	-	**72.7**	55.5	**34.8**	91.4	**106.0**	46.7	**227.2**	193.6
Total comprehensive income	**13.7**	-	**72.7**	55.5	**34.8**	91.4	**106.0**	46.7	**227.2**	193.6
Trust's share of profit after tax (%)	**49.9**	-	**50.0**	50.0	**50.0**	50.0	**49.0**	49.0		
Trust's share of profit after tax ($m)	**6.8**	-	**36.4**	27.7	**17.4**	45.7	**51.9**	22.9	**112.5**	96.3
Distributions received/receivable from JVs	**6.3**	-	**12.2**	11.7	**12.3**	7.7	**16.4**	13.9	**47.2**	33.3

Capital expenditure commitments

At 30 June 2017, the Trust's share of its JV's capital commitments which have been approved but not yet provided for was $nil (2016: $nil).

D CAPITAL STRUCTURE AND RISKS

This section outlines the market, credit and liquidity risks that the consolidated entity is exposed to and how it manages these risks. Capital comprises unitholders' equity and net debt (borrowings less cash).

D1 CAPITAL MANAGEMENT

The consolidated entity's objectives when managing capital are to safeguard Group's ability to continue as a going concern, so that it can provide returns to unitholders and aim to address the credit, liquidity and market risks whilst also meeting the Group's strategic objectives.

The consolidated entity's capital structure is monitored at the Group level. The Group seeks to maintain an investment grade credit rating of BBB+ to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 percent and 30 percent.

If the Group wishes to change its gearing ratio, it could adjust its dividends/distributions, issue new equity (or buy back shares), or sell property to repay borrowings.

At 30 June 2017, the Group was in compliance with all regulatory and debt covenant ratios.

D2 BORROWINGS AND LIQUIDITY

The consolidated entity borrows using loans from related parties.

There are two loan facilities from related parties totalling $2,031.9m (2016: $2,033.0m):

- a $2,000.0m facility which can be drawn in Australian or US dollars and expires on 18 December 2023. Interest accrues at the related party's cost of financing from their borrowing facilities, calculated including associated derivative financial instruments;
- a US$24.6m facility which expires on 7 December 2017. Interest accrues at USD LIBOR plus 1.25% per annum; and
- at 30 June 2017, $762.8m (2016: $1,002.3m) was undrawn on the facilities.

	2017						2016					
		Fixed interest maturing in:						Fixed interest maturing in:				
	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Loans from related party	**1,269.1**	**-**	**-**	**-**	**-**	**1,269.1**	1,030.7	-	-	-	-	1,030.7

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest rate method. The fair value of borrowings is considered to approximate their carrying amount as the interest rates are variable.

The table below details the carrying amount and fair value of borrowings of Mirvac Group. These amounts do not represent the facilities of the consolidated entity but are relevant to the consolidated entity as this profile determines the facilities used to calculate the related party's cost of funds, which are then used as a basis for the interest on the consolidated entity's borrowings from the related party.

	2017				2016			
	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 bank facilities								
Bank loans	-	756.6	**756.6**	**756.6**	-	867.4	867.4	867.0
Bonds	200.0	2,008.4	**2,208.4**	**2,182.4**	604.0	1,343.6	1,947.6	2,090.0
	200.0	2,765.0	**2,965.0**	**2,939.0**	604.0	2,211.0	2,815.0	2,957.0
Undrawn bank facilities			**643.4**				833.0	

D2 BORROWINGS AND LIQUIDITY (continued)

The following table sets out the Group's net exposure to interest rate risk by maturity periods. These amounts do not represent the facilities of the consolidated entity but are relevant to the consolidated entity as this profile determines the facilities used to calculate the related party's cost of funds, which is then used as a basis for the interest on the consolidated entity's borrowings from the related party. Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

	2017						2016					
		Fixed interest maturing in:						Fixed interest maturing in:				
	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Bank loans	756.6	-	-	-	-	**756.6**	867.5	-	-	-	-	867.5
Bonds	1,415.9	-	-	200.0	525.0	**2,140.9**	1,079.7	235.0	200.0	200.0	125.0	1,839.7
Interest rate swaps	(1,400.0)	200.0	200.0	600.0	400.0	**-**	(1,300.0)	-	100.0	500.0	700.0	-
Total	772.5	200.0	200.0	800.0	925.0	**2,897.5**	647.2	235.0	300.0	700.0	825.0	2,707.2

The fair value of the bank loans is considered to approximate their carrying amount; although some loans have fixed interest rates, the impact is immaterial. The fair value of the bonds is calculated as the expected future cash flows discounted by the relevant current market rates.

D3 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The consolidated entity seeks to minimise the potential impact of these financial risks on financial performance, for example by using derivative financial instruments to protect against interest rate and foreign exchange risk.

Financial risk management is carried out by a central treasury department (Mirvac Group Treasury) under policies approved by the Board. The Board provides overall risk management principles and policies covering specific areas. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the consolidated entity in accordance with Board policy.

A summary of the Group's key risks identified, exposures and management of exposures is detailed in the table below:

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 variable rates • Derivatives	• The loans from related party have variable interest rates which are mainly based on the related party's cost of borrowing. • The related party manages cash flow interest rate risk through some borrowings at fixed rates and also using derivatives to convert some variable rate borrowings to fixed rate exposures. • 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 US dollars • Receipts and payments which are denominated in other currencies	• Cross currency interest rate swaps to convert US dollar borrowings to Australian dollar exposures. • Foreign currency borrowings as a natural hedge for foreign operations. • The consolidated entity's exposure to foreign exchange risk is insignificant.
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 consolidated entity is exposed to minimal price risk and so does not manage the exposures.

D3 FINANCIAL RISK MANAGEMENT (continued)

Risk	Definition	Exposures arising from	Management of exposures
Credit risk	The risk that a counterparty will not make payments to the consolidated entity 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 consolidated entity deems the exposure to credit risk as immaterial for all other classes of financial assets and liabilities.
Liquidity risk	The risk that the consolidated entity will not be able to meet its obligations as they fall due	• Payables • Borrowings • Derivative financial liabilities	• Regular forecasts of the consolidated liquidity requirements. Surplus funds are only invested in highly liquid instruments. • Availability of cash, marketable securities and committed credit facilities.

Market risk - interest rate risk

In relation to Mirvac Group, borrowings issued at variable rates expose Mirvac to cash flow interest rate risk. Borrowings issued at fixed rates expose Mirvac to fair value interest rate risk. The Group's policy is to have a minimum of 40 percent and a maximum of 80 percent of borrowings subject to fixed or capped interest rates. This policy was complied with at the end of the year. Mirvac manages its cash flow interest rate risk by using interest rate derivatives, thereby maintaining fixed rate exposures within the policy range. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates or vice versa.

Sensitivity analysis

This sensitivity analysis shows the impact on profit after tax and equity if Australian interest rates and USD:AUD exchange rates changed by 50 basis points (bp).

Total impact on profit after tax and equity	2017		2016	
	50 bp ⇧ $m	50 bp ⇩ $m	50 bp ⇧ $m	50 bp ⇩ $m
Changes in:				
Australian interest rates	**$6.3m decrease**	**$6.3m increase**	$6.2m decrease	$6.2m increase
USD:AUD exchange rate	**Immaterial**	**Immaterial**	Immaterial	Immaterial

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

Liquidity risk

Maturities of financial liabilities

The consolidated entity's maturity of financial liabilities is provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2017					2016				
	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	144.2	-	-	-	**144.2**	201.1	-	-	-	201.1
Borrowings	83.0	65.0	214.9	1,359.9	**1,722.8**	18.6	42.3	55.9	1,060.0	1,176.8
	227.2	65.0	214.9	1,359.9	**1,867.0**	219.7	42.3	55.9	1,060.0	1,377.9

D4 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The consolidated entity 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).

The consolidated entity holds no Level 1 or Level 2 financial instruments.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Other financial assets

Other financial assets includes unlisted securities, convertible notes receivable and loan notes. The carrying value of other financial assets is equal to the fair value; refer to note F2 for further details.

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

The fair value of convertible notes receivable and loan notes is calculated based on the expected cash inflows. Expected cash inflows are determined based on the development management agreement and vendor financing agreement with fixed repayment terms based on fixed interest rate and agreed project costs.

The following table summarises the financial instruments measured and recognised at fair value on a recurring a basis:

		2017				2016			
	Note	**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									
Units in unlisted funds	F2	**-**	**-**	24.2	**24.2**	-	-	23.5	23.5
Other financial assets	F2	**-**	**-**	130.4	**130.4**	-	-	130.4	130.4
		-	**-**	154.6	**154.6**	-	-	153.9	153.9

The following table presents a reconciliation of the carrying value of Level 3 instruments (excluding investment properties which are shown in note C1):

	2017		2016	
	Unlisted securities $m	**Other financial assets $m**	Unlisted securities $m	Other financial assets $m
Balance 1 July	**23.5**	**130.4**	11.3	264.6
Acquisitions	**-**	**-**	26.6	-
Gain/(loss) on revaluation recognised in loss on foreign exchange and financial instruments	**1.6**	**-**	(5.7)	-
Conversion to equity in JV	**-**	**-**	-	(95.7)
Repayment	**-**	**-**	-	(38.5)
Return of capital	**(0.9)**	**-**	(8.7)	-
Balance 30 June	**24.2**	**130.4**	23.5	130.4

E EQUITY

This section includes distributions, unitholders' equity and reserves. It represents how the consolidated entity raised equity from unitholders in order to finance activities both now and in the future.

E1 DISTRIBUTIONS

Half-yearly ordinary distributions paid/payable per stapled security were as follows:

	Distribution (cents)	Date paid/payable	Total amount $m
Distributions for the year ended 30 June 2017			
31 December 2016	4.90	28 Feb 2017	**181.6**
30 June 2017	5.50	31 Aug 2017	**203.9**
Total distribution	**10.40**		**385.5**
Distributions for the year ended 30 June 2016			
31 December 2015	4.70	29 Feb 2016	174.0
30 June 2016	5.20	30 Aug 2016	192.5
Total distribution	9.90		366.5

E2 CONTRIBUTED EQUITY

Ordinary units are classified as equity. Each ordinary unit entitles the holder to receive distributions when declared, and one vote per unit at securityholders' meetings on polls and proceeds on wind up of the Trust in proportion to the number of units held.

When new units or options are issued, the directly attributable incremental costs are deducted from equity.

Movements in paid up equity

	2017		2016	
	No. units m	**Units $m**	No. units m	Units $m
Balance 1 July	3,699.1	4,765.0	3,694.4	4,758.6
Stapled units issued under Employee Exemption Plan (EEP)	0.4	0.9	0.5	0.9
Long term performance plan (LTP), long term incentive plan (LTIP) and EIS stapled units converted, sold, vested or forfeited	3.4	4.1	3.6	3.7
Legacy schemes vested	0.4	1.0	0.6	1.8
Balance 30 June	**3,703.3**	**4,771.0**	3,699.1	4,765.0

The number of stapled units issued as listed on the ASX at 30 June 2017 was 3,705.6m (2016: 3,701.7m) which includes 2.3m of stapled units issued under the LTI plan and EIS (2016: 2.6m). Units issued to employees under the Mirvac LTI plan and EIS are accounted for as options and are recognised, by Mirvac Group in the security-based payments reserve, not in contributed equity.

E3 RESERVES

Foreign currency translation reserve

The consolidated entity has a controlled entity which holds an investment property in the USA and its functional currency is US dollars. The assets and liabilities are translated to Australian dollars using the exchange rate at the end of the year; income and expenses are translated using an average exchange rate for the year. All exchange differences are recognised in other comprehensive income and the foreign currency translation reserve.

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 during December 2009.

$m	Capital reserve	Foreign currency translation reserve	NCI reserve	Total reserves
Balance 1 July 2015	(1.4)	5.0	6.8	10.4
Foreign currency translation differences	-	0.7	-	0.7
Balance 30 June 2016	(1.4)	5.7	6.8	11.1
Foreign currency translation differences	-	(0.9)	-	(0.9)
Balance 30 June 2017	**(1.4)**	**4.8**	**6.8**	**10.2**

F OPERATING ASSETS AND LIABILITIES

F1 RECEIVABLES

Receivables are initially recognised at 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 impairment provision) 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.

Collectability of receivables is reviewed on an ongoing basis. A provision for impairment is recognised when there is objective evidence that collection of the receivable is doubtful. The provision is calculated as the difference between the carrying amount and the estimated future repayments, discounted at the effective interest rate where relevant. Receivables which are known to be uncollectable are written off.

	2017			2016		
	Gross $m	Provision for impairment $m	Net $m	Gross $m	Provision for impairment $m	Net $m
Current						
Trade receivables	2.5	(0.4)	**2.1**	3.5	(0.5)	3.0
Accrued income	13.0	-	**13.0**	13.5	-	13.5
Other receivables	1.0	-	**1.0**	4.7	-	4.7
Total current receivables	16.5	(0.4)	**16.1**	21.7	(0.5)	21.2
Non-current						
Other receivables	0.7	-	**0.7**	2.8	-	2.8
Total non-current receivables	0.7	-	**0.7**	2.8	-	2.8
Total receivables	17.2	(0.4)	**16.8**	24.5	(0.5)	24.0

	Not past due	Days past due					Total
		1 - 30	31 - 60	61 - 90	91 - 120	Over 120	
2017							
Total receivables	**16.0**	**0.4**	**0.4**	**-**	**0.1**	**0.3**	**17.2**
Provision for impairment	**-**	**-**	**-**	**-**	**(0.1)**	**(0.3)**	**(0.4)**
2016							
Total receivables	22.4	1.2	0.3	0.2	0.1	0.2	24.4
Provision for impairment	-	-	-	(0.1)	(0.1)	(0.3)	(0.5)

The consolidated entity does not have any significant credit risk exposure to a single customer. The consolidated entity holds collateral over receivables of $124.3m (2016: $123.7m). The collateral held equals the carrying amount of the relevant receivables. Refer to note D4 for further details on the consolidated entity's exposure to, and management of, credit risk.

F2 OTHER FINANCIAL ASSETS

Units in unlisted funds

The Trust may hold units in unlisted funds which do not give the Trust control, as explained in note G1, or significant influence, as explained in note C2. These units are accounted for at fair value. Distributions received are recognised in revenue and any changes in fair value are recognised in the gain or loss on foreign exchange and financial instruments in the consolidated SoCI.

Units in unlisted funds are traded in inactive markets and therefore the fair value is estimated based on the value of the underlying assets held by the funds. The underlying assets of the funds are valued by external valuers based on market sales comparison and/or discounted cash flows. Refer to note C1 for details of these valuation methods.

Convertible notes

Convertible notes were issued by Mirvac (Old Treasury) Trust, a JV, of the consolidated entity to fund the joint venture's investment properties under construction. On 30 November 2015, these convertible notes were converted into equity and the consolidated entity's investment in the JV has increased by the value of the convertible notes held.

F2 OTHER FINANCIAL ASSETS (continued)

Loan notes

Loan notes were issued as partial payment for the sale of non-aligned assets during the 2015 financial year. The loan notes were reclassified to current during the year in accordance with the loan note agreement.

Refer to note D4 for information about the methods and assumptions used in determining the fair value loan notes.

Impairment

Collectability of other financial assets is reviewed on the same basis as receivables. Refer to note F1 for details.

	2017 $m	2016 $m
Current		
Units in unlisted funds	**0.2**	2.2
Loan notes issued by unrelated parties	**130.4**	-
Total current other financial assets	**130.6**	2.2
Non-current		
Loan notes issued by unrelated parties	**-**	130.4
Units in unlisted funds	**24.0**	21.3
Total non-current other financial assets	**24.0**	151.7

F3 GOODWILL

	2017 $m	2016 $m
Balance 1 July	**42.8**	42.8
Balance 30 June	**42.8**	42.8

Impairment testing

Goodwill is tested annually for impairment. For the purpose of assessing impairment, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and allocated to cash generating units (CGU). The allocation is made to groups of CGU identified according to operating segments.

An asset is impaired if the recoverable amount, calculated as the value in use and the fair value less costs to sell, is less than its carrying amount.

The CGU of the consolidated entity is investment property; the value in use is the discounted present value of estimated cash flows from net rental revenue that the CGU will generate. The cash flow projections are based on forecasts covering a 10-year period. AASB 136 *Impairment of Assets* 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 sector and industry experience, management is comfortable that a 10-year cash flow projection is more appropriate. The key assumptions used to determine the forecast cash flows include net market rent, capital expenditure, capitalisation rate, growth rate, discount rate and market conditions. The growth rate has been adjusted to reflect current market conditions and does not exceed the long term average growth rate for the business in which the consolidated entity operates.

The growth rate applied beyond the initial period is noted in the table below. The growth rate does not exceed the long term average growth rate for each CGU.

	Growth rate 30 June 2017 % pa	Discount rate 30 June 2017 % pa	Growth rate 30 June 2016 % pa	Discount rate 30 June 2016 % pa
Mirvac Property Trust	**-**	**7.5**	-	7.5

No intangible assets were impaired in 2017 (2016: nil).

The Directors and management have considered reasonably possible changes to the key assumptions and have not identified any reasonably possible changes that could cause an impairment.

F4 PAYABLES

	Note	2017 $m	2016 $m
Trade payables		**53.3**	37.3
Rent in advance		**21.2**	17.8
Other accruals		**15.2**	25.2
Other creditors		**3.4**	7.4
Amounts due to entities related to Responsible Entity	H4	**51.1**	113.4
Total payables		**144.2**	201.1

F5 PROVISIONS

A provision is made for the amount of any distribution declared at or before the end of the year but not distributed by the end of the year. Refer to note E1 for further details.

	2017 $m	2016 $m
Distributions payable		
Balance 1 July	**192.5**	181.2
Interim and final distributions declared	**385.5**	366.5
Payments made	**(374.1)**	(355.2)
Balance 30 June	**203.9**	192.5

G CONSOLIDATED ENTITY STRUCTURE

This section provides information on how the consolidated entity's structure affects its financial position and performance.

G1 CONTROLLED ENTITIES

Controlled entities

The consolidated financial statements of the consolidated entity incorporate the assets, liabilities and results of all controlled entities. Controlled entities are all entities over which the consolidated entity 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 of control is obtained until the date that control ceases. Inter-entity transactions and balances are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The consolidated entity 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 consolidated entity'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 the consolidated entity does not control a structured entity but has significant influence, it is treated as an associate. Refer to note C2.

Funds and trusts

The consolidated entity invests in a number of funds and trusts which invest in real estate as investment properties. The investees finance their operations through borrowings and through equity issues. The consolidated entity determines whether it controls or has significant influence over these funds and trusts as discussed above.

The following entities were wholly owned and incorporated in Australia and controlled by MPT during the current and prior years unless noted otherwise:

10-20 Bond Street Trust
1900-2000 Pratt Inc.[1]
197 Salmon Street Trust
275 Kent Street Holding Trust
367 Collins Street No. 2 Trust
367 Collins Street Trust
380 St Kilda Road Trust[2]
477 Collins Street No. 1 Trust
477 Collins Street No. 2 Trust[3]
Australian Office Partnership Trust
Chifley Holding Trust
Eveleigh Trust
George Street Holding Trust
James Fielding Trust
JF Infrastructure - Sustainable Equity Fund
JFIF Victorian Trust
JFM Hotel Trust
Meridian Investment Trust No. 1
Meridian Investment Trust No. 2
Meridian Investment Trust No. 3
Meridian Investment Trust No. 4
Meridian Investment Trust No. 5
Meridian Investment Trust No. 6
Mirvac 90 Collins Street Trust
Mirvac Allendale Square Trust
Mirvac Altona Trust No. 1
Mirvac Altona Trust No. 2
Mirvac Bay Street Trust
Mirvac Bourke Street No.1 Sub-Trust
Mirvac Bourke Street No.2 Sub-Trust
Mirvac Broadway Sub-Trust
Mirvac Capital Partners 1 Trust
Mirvac Collins Street No.1 Sub-Trust
Mirvac Collins Street No.2 Sub-Trust
Mirvac Commercial No.3 Sub Trust
Mirvac Commercial Trust[2]
Mirvac Funds Finance Pty Limited
Mirvac Funds Loan Note Pty Limited
Mirvac Glasshouse Sub-Trust
Mirvac Group Funding No.2 Pty Limited
Mirvac Group Funding No.3 Pty Limited
Mirvac Harbourside Sub Trust[4]
Mirvac Industrial Fund
Mirvac Industrial No. 1 Sub Trust
Mirvac Kirrawee Trust No.1[5]
Mirvac Kirrawee Trust No.2[5]
Mirvac Living Trust[5]
Mirvac Padstow Trust No.1[5]
Mirvac Pitt Street Trust
Mirvac Property Trust No.3
Mirvac Property Trust No.4
Mirvac Property Trust No.5
Mirvac Property Trust No.6
Mirvac Property Trust No.7
Mirvac Real Estate Investment Trust
Mirvac Retail Head Trust
Mirvac Retail Sub-Trust No. 1
Mirvac Retail Sub-Trust No. 2
Mirvac Retail Sub-Trust No. 3
Mirvac Retail Sub-Trust No. 4

G1 CONTROLLED ENTITIES (continued)

Mirvac Rhodes Sub-Trust
Mirvac Rydalmere Trust No. 1
Mirvac Rydalmere Trust No. 2
Mirvac Smail Street Trust
Mirvac Toombul Trust No. 1
Mirvac Toombul Trust No. 2
Nike Holding Trust
Old Treasury Holding Trust
Pennant Hills Office Trust
Springfield Regional Shopping Centre Trust
The George Street Trust
The Mulgrave Trust

1. This entity was established in the USA.
2. One unit on issue held by Mirvac Limited as custodian for MPT.
3. On 31 January 2017, 100 percent of the units in this trust was sold to a related party.
4. On 30 September 2016, 100 percent of the units in this trust was sold to a related party.
5. This entity was established during the year ended 30 June 2017.

G2 PARENT ENTITY

The financial information for the parent entity, MPT, has been prepared on the same basis as the consolidated financial statements.

Parent entity	2017 $m	2016 $m
Current assets	**900.5**	951.5
Total assets	**7,995.4**	7,614.7
Current liabilities	**508.8**	503.0
Total liabilities	**1,754.4**	1,508.6
Equity		
Contributed equity	**4,771.0**	4,765.0
Reserves	**7.6**	7.6
Retained earnings	**1,462.4**	1,333.5
Total equity	**6,241.0**	6,106.1
Profit for the year	**519.6**	884.2
Total comprehensive income for the year	**519.6**	884.2

MPT and a controlled entity are joint borrowers under the loan facilities from a related party explained in note D2. MPT, Mirvac Limited and a number of their controlled entities are party to a guarantee deed poll to guarantee the joint borrowers.

At 30 June 2017, the parent entity did not provide any other guarantees (2016: $nil), have any contingent liabilities (2016: $nil), or any capital commitments (2016: $nil).

H OTHER INFORMATION

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 probably to require payment/cannot be reliably measured. A provision is not recognised for contingent liabilities.

The consolidated entity had contingent liabilities at 30 June 2017 in respect of the following:

	2017 $m	2016 $m
Health and safety claims	**0.3**	0.7

The consolidated entity has no contingent liabilities relating to joint ventures and associates.

H2 EARNINGS PER STAPLED UNIT

Basic earnings per stapled unit (EPU) is calculated by dividing:
i) the profit attributable to stapled unitholders; by
ii) the weighted average number of ordinary units (WANOU) outstanding during the year.

Diluted EPU adjusts the WANOU to take into account dilutive potential ordinary securities from security based payments.

	2017	2016
Earnings per stapled unit		
Basic EPU (cents)	**25.3**	26.5
Diluted EPU (cents)	**25.2**	26.4
Profit attributable to stapled unitholders ($m) used to calculate basic and diluted EPU	**935.4**	978.3
WANOU used in calculating basic EPU (m)	**3,702.4**	3,696.8
WANOU used in calculating diluted EPU (m)	**3,704.8**	3,699.9

H3 KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) compensation

KMP are employed by an entity controlled by Mirvac Limited. Payments made from the consolidated entity to Mirvac Limited and its controlled entities do not include any amounts directly attributable to the compensation of KMP. The total payments made to Mirvac Limited and its controlled entities are shown in n

Equity instrument disclosures relating to KMP

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

	Balance 1 July 2016	Changes[1]	Balance 30 June 2017	Value 30 June 2017 $	Minimum securityholding guideline $	Date securityholding to be attained
Executive KMP						
Susan Lloyd-Hurwitz	584,665	938,570	1,523,235	3,244,491	1,500,000	Nov 2017
Brett Draffen	1,119,204	(71,364)	1,047,840	2,231,899	475,000	Jul 2017
Shane Gannon	36,297	209,038	245,335	522,564	450,000	Dec 2018
Campbell Hanan	-	-	-	-	400,000	Feb 2021
Susan MacDonald	319,715	142,878	462,593	985,323	350,000	Jul 2019
Stuart Penklis[2]	-	43,988	43,988	93,694	350,000	May 2022

1. Changes include additions/disposals resulting from first or final disclosure of a KMP and vesting of performance rights where the performance period ended on 30 June 2017.
2. During the year Stuart Penklis commenced his current role as Executive KMP.

Options
No options (i.e. a right to acquire a security upon payment of an exercise price) were granted as remuneration during FY17 and no unvested or unexercised options are held by Executive KMP as at 30 June 2017.

Performance rights held during the year

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

		LTI		Deferred STI			
	Balance 1 July 2016	Rights issued	Rights relating to perf period ending 30 June 2017	Rights issued	Rights vested/ forfeited	Other changes[1]	Balance 30 June 2017
Executive KMP							
Susan Lloyd-Hurwitz	3,311,276	1,243,093	(1,461,000)	177,770	(247,435)	-	3,023,704
Brett Draffen	1,357,056	472,375	(555,194)	121,303	(153,636)	-	1,241,904
Shane Gannon	1,227,199	447,513	(525,974)	115,115	(104,056)	-	1,159,797
Campbell Hanan	-	220,994	-	90,362	-	-	311,356
Susan MacDonald	548,257	193,370	(227,272)	79,533	(46,114)	-	547,774
Stuart Penklis	-	110,497	(120,389)	-	-	251,107	241,215
Former Executive KMP							
John Carfi	913,081	-	-	79,533	(171,760)	(820,854)	-

1. Opening balance excludes any performance rights where the performance period ended 30 June 2016.

H3 KEY MANAGEMENT PERSONNEL (continued)

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

						Vested			Lapsed		
	Plan	Grant Date	Number of rights granted	Value at grant date	Vesting Date	Number of rights	% of total grant	Value of rights	Number of rights	% of total grant	Value of rights
Executive KMP											
Susan	STI	19 Sep 14	115,094	178,396	19 Sep 16	115,094	100%	178,396	-	0%	-
Lloyd-	LTI	17 Dec 14	1,461,000	1,015,395	30 Jun 17	730,500	50%	507,698	730,500	50%	507,698
Hurwitz	STI	18 Sep 15	132,341	213,069	18 Sep 16	132,341	100%	213,069	-	0%	-
	STI	18 Sep 15	132,341	201,158	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	1,470,500	1,146,990	30 Jun 18	-		-	-		-
	STI	23 Sep 16	88,885	186,659	23 Sep 17	-		-	-		-
	STI	23 Sep 16	88,885	178,659	23 Sep 18	-		-	-		-
	LTI	6 Dec 16	1,243,093	1,712,360	30 Jun 19	-		-	-		-
Total			**4,732,139**	**4,832,685**		**977,935**		**899,163**	**730,500**		**507,698**
Brett	STI	19 Sep 14	64,232	99,560	19 Sep 16	64,232	100%	99,560	-	0%	-
Draffen	LTI	17 Dec 14	555,194	385,860	30 Jun 17	277,597	50%	192,930	277,597	50%	192,930
	STI	18 Sep 15	89,404	143,940	18 Sep 16	89,404	100%	143,940	-	0%	-
	STI	18 Sep 15	89,403	135,893	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	558,823	434,882	30 Jun 18	-		-	-		-
	STI	23 Sep 16	60,652	127,369	23 Sep 17	-		-	-		-
	STI	23 Sep 16	60,651	121,909	23 Sep 18	-		-	-		-
	LTI	6 Dec 16	472,375	650,696	30 Jun 19	-		-	-		-
Total			**1,950,734**	**2,101,109**		**431,233**		**436,430**	**277,597**		**192,930**
Shane	STI	19 Sep 14	36,297	56,260	19 Sep 16	36,297	100%	56,260	-	0%	-
Gannon	LTI	17 Dec 14	525,974	365,552	30 Jun 17	262,987	50%	182,776	262,987	50%	182,776
	STI	18 Sep 15	67,759	109,092	18 Sep 16	67,759	100%	109,092	-	0%	-
	STI	18 Sep 15	67,758	102,992	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	529,411	412,941	30 Jun 18	-		-	-		-
	STI	23 Sep 16	57,558	120,872	23 Sep 17	-		-	-		-
	STI	23 Sep 16	57,557	115,690	23 Sep 18	-		-	-		-
	LTI	6 Dec 16	447,513	616,449	30 Jun 19	-		-	-		-
Total			**1,789,827**	**1,899,847**		**367,043**		**348,127**	**262,987**		**182,776**
Campbell	STI	23 Sep 16	45,181	94,880	23 Sep 17	-		-	-		-
Hanan	STI	23 Sep 16	45,181	90,814	23 Sep 18	-		-	-		-
	LTI	6 Dec 16	220,994	304,419	30 Jun 19	-		-	-		-
Total			**311,356**	**490,113**							
Susan	LTI	17 Dec 14	227,272	157,954	30 Jun 17	113,636	50%	78,977	113,636	50%	78,977
MacDonald	STI	18 Sep 15	46,114	74,244	18 Sep 16	46,114	100%	74,244	-	0%	-
	STI	18 Sep 15	46,113	70,092	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	228,758	178,431	30 Jun 18	-		-	-		-
	STI	23 Sep 16	39,767	83,511	23 Sep 17	-		-	-		-
	STI	23 Sep 16	39,766	79,930	23 Sep 18	-		-	-		-
	LTI	6 Dec 16	193,370	266,367	30 Jun 19	-		-	-		-
Total			**821,160**	**910,528**		**159,750**		**153,221**	**113,636**		**78,977**
Stuart	LTI	17 Dec 14	120,389	83,670	30 Jun 17	60,194	50%	41,835	60,195	50%	41,835
Penklis	LTI	7 Dec 15	130,718	101,960	30 Jun 18	-		-	-		-
	LTI	6 Dec 16	110,497	152,210	30 Jun 19	-		-	-		-
Total			**361,604**	**337,840**		**60,194**		**41,835**	**60,195**		**41,835**
Former Executive KMP											
John Carfi	LTI	17 Dec 14	409,090	284,318	30 Jun 17	-	0%	-	409,090	100%	284,318
	STI	18 Sep 15	46,114	74,244	18 Sep 16	46,114	100%	74,244	-	0%	-
	STI	18 Sep 15	46,113	70,092	18 Sep 17	-	0%	-	46,113	100%	70,092
	LTI	7 Dec 15	411,764	321,176	30 Jun 18	-	0%	-	411,764	100%	321,176
	STI	23 Sep 16	39,767	83,511	23 Sep 17	-	0%	-	39,767	100%	83,511
	STI	23 Sep 16	39,766	79,930	23 Sep 18	-	0%	-	39,766	100%	79,930
			992,614	**913,271**		**46,114**		**74,244**	**946,500**		**675,586**

1. The calculation of the value of performance rights used the fair value as determined at the time of grant. For the LTI grants subject to return on invested capital (ROIC) performance, the initial accounting treatment for the FY15 and FY16 grants assumes 50 per cent vesting, and the FY17 grant assumes 75 per cent vesting, which is reflected in the above valuation.

H4 RELATED PARTIES

The Responsible Entity

The Responsible Entity of the Trust is Mirvac Funds Limited, an entity incorporated in New South Wales and ultimately controlled by Mirvac Limited.

As outlined in the Explanatory Memorandum dated 4 May 1999, Mirvac Funds Limited charges MPT Responsible Entity fees on a cost recovery basis. Fees charged by Mirvac Funds Limited for the year ended 30 June 2017 were $14.5m (2016: $12.3m).

Transactions with related parties

	Note	2017 $000	2016 $000
Investment property rental revenue from entities related to Responsible Entity		**10,171**	9,684
Fees paid to Responsible Entity		**(14,519)**	(12,337)
Interest paid to entities related to Responsible Entity		**(56,466)**	(58,452)
Property management fee expense paid to entities related to Responsibility Entity		**(12,485)**	(12,337)
Capital expenditure paid to entities related to Responsible Entity		**(221,191)**	(482,777)
Amounts due to entities related to Responsible Entity	F4	**51,110**	113,400
Loans from related party	D2	**1,269,085**	1,030,734

Transactions between the consolidated entity and related parties were made on commercial terms and conditions.

Transactions between Mirvac and its JV were made on commercial terms and conditions. Distributions received from JV were on the same terms and conditions that applied to other unitholders.

H5 RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and short term deposits at call.

	2017 $m	2016 $m
Profit for the year attributable to stapled unitholders	**935.4**	978.3
Revaluation of investment properties and investment properties under construction	**(500.3)**	(501.3)
Amortisation expenses	**40.4**	38.4
Lease incentives	**(27.0)**	(19.4)
Net (gain)/loss on financial instruments	**(1.6)**	5.7
Net (gain)/loss on foreign exchange	**(0.5)**	0.7
Net gain on sale of assets	**(0.3)**	(42.0)
Share of net profit of JV's net of distributions received	**(66.5)**	(64.4)
Change in operating assets and liabilities		
Decrease/(increase)in receivables	**2.9**	(4.9)
Increase in other assets	**(3.4)**	(7.2)
(Decrease)/increase in payables	**(0.8)**	1.0
Net cash inflows from operating activities	**378.3**	384.9

H6 AUDITORS' REMUNERATION

	2017 $000	2016 $000
Audit services		
Audit and review of financial reports	**510.0**	554.0
Compliance services and regulatory returns	**162.4**	170.1
Total auditors' remuneration	**672.4**	724.1

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 36 are in accordance with the *Corporations Act 2001*, including:

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

    (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

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 Chief Execution Officer/Managing Director and the 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

Susan Lloyd-Hurwitz
Director

Sydney
17 August 2017

Independent auditor's report

To the unitholders of Mirvac Property Trust

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Mirvac Property Trust (the registered scheme, MPT or Trust) and its controlled entities, (together, the consolidated entity) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 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 consolidated entity's financial report comprises:

the consolidated statement of financial position as at 30 June 2017

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 a summary of significant accounting policies

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 consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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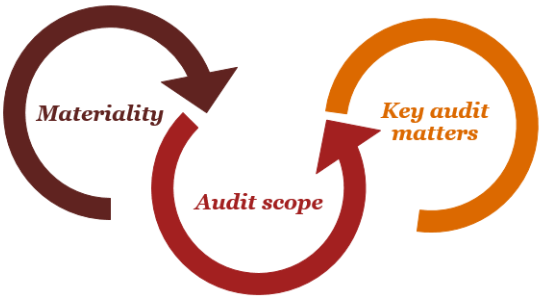
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the consolidated entity, 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 consolidated entity materiality of \$18.86 million, which represents approximately 5% of the adjusted profit before tax of the consolidated entity. • 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 adjusted profit before tax of the consolidated entity as, in our view, it is the metric against which the performance of the consolidated entity is most commonly measured. • Profit before tax is adjusted for fair value movements in investment property, unlisted equity investments and foreign exchange movements because they are non-cash items that are generally excluded when assessing the financial performance of a property investment trust. • We selected 5% based on our professional judgment noting that it is within the range of commonly acceptable profit related thresholds.	• Our audit focused on where the consolidated entity made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The consolidated entity owns investment property assets across Sydney, Melbourne, Brisbane and Perth. The accounting processes are structured around a consolidated entity finance function at its head office in Sydney. Our audit procedures were predominately performed at the consolidated entity head office, along with a number of property site visits being performed across the year.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit, Risk and Compliance Committee: - Fair value of investment properties • This is further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Fair value of investment properties	
Refer to note C1 - $7,596m	
The consolidated entity's investment property portfolio is comprised of office, industrial and retail investment properties. The carrying value of investment properties is based on the fair value of each property. The fair value of investment property is inherently subjective and impacted by, among other factors, prevailing market conditions, the individual nature and condition of each property, its location and the expected future income for each property. Amongst others, the following assumptions are key in establishing fair value: • capitalisation rate • discount rate At each reporting period the Directors of Mirvac Funds Limited (the Responsible Entity of MPT) determine the fair value of the consolidated entity's investment property portfolio having regard to the consolidated entity's valuation policy which requires all properties to be externally valued by independent valuation experts at least once every 2 years. In the period between external valuations, the Directors' valuation is supported by internal valuation models (models). This was a key audit matter because the: • investment property balances are financially significant in the Consolidated Statement of Financial Position. • impact of changes in the fair value of investment properties can have a significant effect on the consolidated entity's comprehensive income. • investment property valuations are inherently subjective due to the use of assumptions in the valuation methodology • sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates.	We reconciled the list of investment property values to our prior and current year supporting evidence to check compliance with the consolidated entity's policy that all properties had been externally valued at least once in the last two years. We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the consolidated entity invests. We met with management and discussed the specifics of selected individual properties including, amongst other things, any new leases entered into during the year, lease expiries, capital expenditure and vacancy rates. For a sample of properties, we compared the models to the tenancy schedule. We found that the rental income data used in the samples tested were consistent with rental income for the property. For all properties externally valued at balance date we agreed the fair values of those properties to the external valuations. For a sample of external valuations, we assessed the competency and capabilities of the relevant external valuer and checked that the consolidated entity followed its policy on rotation of valuation firms. For internal valuations, the consolidated entity utilises an off-the-shelf software package to prepare the models. We assessed the design of the key controls over the continued integrity of the software. This involved assessing change management and access controls and was performed through a combination of enquiry and inspection. We then focused our testing on the key assumptions in the external valuations and the internal valuation models: • We compared the capitalisation rates and discount rates used to an estimated range we independently determined via reference to benchmarks and market data. Where capitalisation rates and discount rates fell outside of our anticipated ranges, we challenged the rationale supporting the rate applied in the valuation by discussing with management the reasons to support the adopted values. Typically the variances related to the relative age, size or location of the property. In the context of the specific properties identified, we were satisfied the reasons for variances were appropriate.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Jane Reily
Partner

Sydney
17 August 2017