MIRVAC PROPERTY TRUST
FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

These financial statements cover the consolidated financial statements for the consolidated entity consisting of Mirvac Property Trust (ARSN 086 780 645) and its controlled entities.

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included the Director's report on pages 2 to 6, which is not part of these financial statements.
The financial statements were authorised for issue on 24 August 2010. The Directors have the power to amend and reissue the financial statements.

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

Mirvac Property Trust and its controlled entities
Directors' Report
30 June 2010

The Directors of Mirvac Funds Limited (ABN 70 002 561 640), the Responsible Entity of Mirvac Property Trust ("the Trust") present their report, together with the consolidated report of the Trust and its controlled entities ("consolidated entity"), for the year ended 30 June 2010.

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

Responsible entity

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

Directors

The following persons were Directors of Mirvac Funds Limited during the whole of the year and up to the date of this report:
James MacKenzie
Nicholas Collishaw
Paul Biancardi (was a Director from the beginning of the year until his retirement on 21 June 2010)
Adrian Fini (was a Director from the beginning of the year until his retirement on 11 June 2010)
Peter Hawkins
James Millar (appointed as a Director on 19 November 2009)
Penny Morris
John Mulcahy (appointed as a Director on 19 November 2009)
Richard Turner (was a Director from the beginning of the year until his retirement on 24 August 2009)

Principal activities

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

Distributions

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

	Consolidated	
	2010	2009
	$m	$m
June 2009 quarterly distribution paid on 31 July 2009 0.200 cents (2009: 8.225 cents) per stapled unit	**3.4**	90.5
September 2009 quarterly distribution paid on 30 October 2009 2.000 cents (2009: 5.000 cents) per stapled unit	**56.1**	56.8
December 2009 quarterly distribution paid on 29 January 2010 2.000 cents (2009: 2.800 cents) per stapled unit	**59.9**	47.5
March 2010 quarterly distribution paid on 30 April 2010 2.000 cents (2009: nil cents) per stapled unit	**60.0**	-
Total distributions paid	**179.4**	194.8

The June 2010 quarterly distribution of 2.000 cents per stapled unit totalling $65.3m declared on 30 June 2010 was paid on 30 July 2010.

Distributions paid and payable by the Trust for the year ended 30 June 2010 totalled $241.3m, being 8.000 cents per stapled unit (2009: $107.7m – 8.000 cents per stapled unit).

Mirvac Property Trust and its controlled entities
Directors' Report
30 June 2010

Review of operations

The statutory profit after tax attributable to the stapled unitholders for the consolidated entity for the year ended 30 June 2010 was $374.5m (2009: net loss of $541.6m). The operating profit (profit before specific non-cash and significant items) was $323.7m (2009: $235.7m).

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

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

	2010 $m	2009 $m
Net profit/(loss) attributable to the stapled unitholders of Mirvac Property Trust	**374.5**	(541.6)
Specific non-cash items		
Net (gains)/losses from fair value of investment properties	**(13.3)**	504.7
Net losses from fair value of investment properties under construction	**48.9**	-
Net losses on fair value of derivative financial instruments and associated foreign exchange movements	**11.5**	110.3
Straight lining of lease revenue	**(2.5)**	(1.3)
Amortisation of lease incentives	**10.4**	9.4
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates losses	**20.4**	141.2
Net gains from fair value of investment properties, derivatives and other specific non-cash items included in non-controlling interest ("NCI")	**-**	(3.4)
Significant items		
Impairment of property, plant and equipment	**-**	3.6
Impairment of investments including associates and joint ventures	**-**	9.2
Impairment of other financial assets at fair value through profit or loss	**-**	3.6
Net gain from sale of assets	**(0.5)**	-
Discount on business combination	**(119.8)**	-
Net gain on remeasurement of equity interest	**(25.3)**	-
Business combination transaction costs	**19.4**	-
Operating profit (profit before specific non-cash and significant items)	**323.7**	235.7

Financial and operational highlights

Key financial highlights for the year ended 30 June 2010 include:

- Profit of 12.67 cents per stapled unit (2009: loss of 32.70 cents per stapled unit)[1]
- Operating profit of 10.95 cents per stapled unit (profit before specific non-cash and significant items) (2009: 14.23 cents per stapled unit)
- Full year distribution of 8.0 cents per stapled unit (2009: 8.0 cents per stapled unit)
- Net decrease of $35.6m in revaluations across the investment property portfolio (2009: Net decrease of $504.7m)
- Decrease in Net Tangible Asset ("NTA") per stapled unit to $1.53[2] from $1.65 at 30 June 2010
- Acquired the Mirvac Real Estate Investment Trust ("MREIT") portfolio, realising a total gain of $134.4[3]m above the net fair value of assets acquired;
- Acquired the Westpac Office Trust ("WOT") portfolio, adding approximately $1,100m of investment grade assets[4];

1 Diluted earnings excluding specific non-cash and other significant items

2 NTA based on issued securities, excluding Employee Incentive Scheme ("EIS") securities

3 Includes gain attributable to acquisition of NCI

4 WOT portfolio was acquired post 30 June 2010

Value of assets

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

	2010	2009
	$m	$m
Total assets	**5,632.2**	5,222.7

Interest in the Trust

	2010	2009
	$m	$m
Total ordinary units issued	**3,254.8**	2,789.7
Stapled units issued under Long Term Incentive ("LTI") and Employee Incentive Scheme ("EIS")	**11.5**	15.7
Subscribed for but not issued at 30 June	**-**	(156.3)
Total stapled units issued	**3,266.3**	2,649.1

Refer to note 21(b) for a reconciliation of the interests in the consolidated entity issued during the financial year.

Environmental regulations

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

Directors' interests

Particulars of Directors' relevant interests in the stapled units of the Trust or a related entity, in debentures of (or interests in a registered scheme made available by) the Trust or a related entity and their rights or options over any such units, debentures or registered scheme interests as notified by the Directors to the Australian Stock Exchange ("ASX") are as follows:

Directors	**Interests in units of related entities**	**Mirvac Property Trust stapled units**
James MacKenzie (direct)		129,914
Mirvac Industrial Trust – units (direct)	122,643	
Mirvac Development Fund – Seascapes – units (indirect)	300,000	
Nicholas Collishaw (direct and indirect)		2,056,004
Mirvac Development Fund – Seascapes – units (indirect)	25,000	
Options		2,336,340
Performance rights		3,199,560
Peter Hawkins (direct and indirect)		596,117
James Millar (indirect)		40,714
Penny Morris (direct and indirect)		241,136
John Mulcahy (indirect)		25,000

During the year ending 30 June 2009, Mirvac introduced a security acquisition plan for Non-Executive Directors whereby a portion of their Directors fees could be sacrificed on a monthly basis and applied to acquire additional Mirvac stapled securities. No Non-Executive Directors purchased units through this plan during the preceding year due to changes to the tax treatment of securities acquired under the plan. However, securities purchased in the prior years continue to be held in the Plan.

Mirvac Property Trust and its controlled entities
Directors' Report
30 June 2010

Options over unissued units

During the year ended 30 June 2010, no options over Mirvac stapled units were issued to executives pursuant to Mirvac's LTI plan ("LTIP"). Options over 108,332 Mirvac stapled units were forfeited during the year as a result of employees leaving the Group.

No units in the Trust or any of its controlled entities were issued during or since the year ended 30 June 2010 as a result of the exercise of an option over unissued units.

Non-audit services

The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are relevant (non-audit services).

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 33 to the financial statements.

The Board has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee ("ARCC") is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARCC to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the consolidated entity, acting as advocate for the consolidated entity or jointly sharing economic risk and rewards.

Significant changes in the state of affairs

Changes in the state of affairs of the consolidated entity during the year are set out in the various reports in the consolidated entity's Financial Report. Refer to note 21 of the accompanying financial statements for stapled units issued, note 19 for debt movements and note 35 for acquisition of business.

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

Matters subsequent to the end of the financial year

On 4 August 2010 the consolidated entity acquired 100 per cent of the issued securities in WOT, an ASX listed real estate investment trust, for consideration of $404.1m. The acquisition is expected to increase the consolidated entity's market share and reduce costs through economies of scale. The financial effects of this transaction have not been brought to account at 30 June 2010. The information provided in note 36 represents amounts disclosed in the 30 June 2010 financial statements of WOT, lodged with ASIC on 3 August 2010. Due to the timing of this acquisition the exercise to identify any adjustments to the fair value of the assets and liabilities attained on acquisition date has not been finalised, and therefore the initial accounting for the business combination remains incomplete.

Except for the new acquisition discussed above, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:
- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial 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.

Likely developments and market outlook

The consolidated entity remains focused on active asset management, enhancing income security, and the quality of its portfolio. The strategy for the consolidated entity is to continue to increase exposure in Australian investment grade property focused on the east coast of Australia.

The Australian economy continues to perform well and has recovered from a relatively mild downturn. The labour market continues to improve and housing investment is set to accelerate over the remainder of the calendar year. Australia remains well placed to absorb any global downside impacts as a result of its relatively low public debt and sound banking system. Australia however is truly part of the global economy and is substantially impacted by overseas events, especially market changing events in Europe and North America and the strength of our largest resource trading partner, China. As a result we remain cautious about predicting the level of future growth in markets in which we participate. A global tightening of credit and or a reduction in demand for Australia's resources will quickly lead to higher real interest rates and loss of consumer confidence. The commercial market conditions have seen asset values appear to have stabilised and a shortage of new supply in all sectors may see a return to rental growth in the year ahead.

Other information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years is included in the various reports in the Mirvac Annual Report. Further information about likely developments has not been included in this report because disclosure of such information would be likely to result in unreasonable prejudice to the consolidated entity.

Fees paid to the responsible entity or its associates

Fees paid to the Responsible Entity out of Trust property during the year were $3.6m (2009: $2.9m). 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 31.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

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

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

Nicholas Collishaw
Director

Sydney
24 August 2010

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Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Property Trust for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

R L Gavin
Partner

Sydney
24 August 2010

Mirvac Property Trust and its controlled entities
Statement of comprehensive income
For the year ended 30 June 2010

	Note	Consolidated 2010 $m	2009 $m
Revenue from continuing operations			
Investment properties rental revenue		**387.5**	318.4
Interest revenue	4	**75.8**	68.4
Distribution revenue		**1.8**	1.1
Other revenue		**2.8**	0.7
Total revenue from continuing operations		**467.9**	388.6
Other income			
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method		**1.5**	(120.3)
Net gain/(loss) from fair value of investment properties		**13.3**	(504.7)
Net loss from fair value of investment properties under construction		**(48.9)**	-
Net loss on fair value of financial instruments	4	**(10.9)**	(110.3)
Discount on business combination	35	**119.8**	-
Net gain on remeasurement of equity interest	35	**25.3**	-
Total other income		**100.1**	(735.3)
Total revenue from continuing operations and other income		**568.0**	(346.7)
Investment properties expenses		**(109.2)**	(87.4)
Amortisation expense	5	**(14.3)**	(12.3)
Impairment of property, plant and equipment	5	**-**	(3.6)
Impairment of investments in associate entities	5	**-**	(9.2)
Impairment of other financial assets at fair value through profit or loss	5	**-**	(3.6)
Finance costs	5	**(39.3)**	(73.5)
Business combination transaction costs	35	**(19.4)**	-
Other expenses		**(9.3)**	(5.2)
Profit/(loss) before income tax		**376.5**	(541.5)
Income tax expense	6	**(0.6)**	(0.2)
Profit/(loss) for the year		**375.9**	(541.7)

Mirvac Property Trust and its controlled entities
Statement of comprehensive income
For the year ended 30 June 2010

	Note	Consolidated 2010 $m	2009 $m
Profit/(loss) for the year		**375.9**	(541.7)
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		**0.9**	0.9
Total comprehensive income for the year		**376.8**	(540.8)
Profit/(loss) is attributable to:			
- Stapled unitholders of Mirvac Property Trust		**374.5**	(541.6)
- NCI		**1.4**	(0.1)
		375.9	(541.7)
Total comprehensive income for the year is attributable to:			
- Stapled unitholders of Mirvac Property Trust		**375.4**	(540.7)
- NCI		**1.4**	(0.1)
		376.8	(540.8)
Earnings per stapled unit for net profit/(loss) attributable to the stapled unitholders of the Mirvac Property Trust			
		Cents	Cents
Basic earning per unit	7	**12.67**	(32.70)
Diluted earning per unit	7	**12.61**	(32.36)

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

Mirvac Property Trust and its controlled entities
Statement of financial position
At 30 June 2010

	Note	Consolidated 2010 $m	2009 $m
Current assets			
Cash and cash equivalents	34	**345.9**	687.4
Receivables	8	**717.1**	860.1
Derivative financial assets	13	**2.0**	5.5
Other financial assets at fair value through profit or loss	9	**18.0**	20.6
Assets classified as held for sale	10	**53.7**	-
Other assets	11	**8.9**	10.2
Total current assets		**1,145.6**	1,583.8
Non-current assets			
Receivables	8	**13.0**	-
Investments accounted for using the equity method	12	**207.0**	225.2
Derivative financial assets	13	**4.4**	4.8
Investment properties	15	**4,212.3**	3,279.5
Property, plant and equipment	16	**-**	79.5
Intangible assets	17	**49.9**	49.9
Total non-current assets		**4,486.6**	3,638.9
Total assets		**5,632.2**	5,222.7
Current liabilities			
Payables	18	**116.7**	87.4
Derivative financial liabilities	13	**0.6**	-
Borrowings	19	**217.7**	300.0
Provisions	20	**65.3**	3.4
Total current liabilities		**400.3**	390.8
Non-current liabilities			
Borrowings	19	**176.5**	448.7
Derivative financial liabilities	13	**15.6**	10.9
Total non-current liabilities		**192.1**	459.6
Total liabilities		**592.4**	850.4
Net assets		**5,039.8**	4,372.3
Equity			
Contributed equity	21	**4,905.9**	4,323.0
Reserves	22	**7.2**	0.9
Retained earnings	23	**126.7**	(6.5)
Equity and reserves attributable to stapled unitholders of the Mirvac Property Trust		**5,039.8**	4,317.4
NCI	24	**-**	54.9
Total equity		**5,039.8**	4,372.3

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

Mirvac Property Trust and its controlled entities
Statement of changes in equity
For the year ended 30 June 2010

		Attributable to stapled unitholders of Mirvac Property Trust				
		Contributed equity	**Reserves**	**Retained Earnings**	**NCI**	**Total**
Consolidated	Note	**$m**	**$m**	**$m**	**$m**	**$m**
Balance 1 July 2009		4,323.0	0.9	(6.5)	54.9	4,372.3
Total comprehensive income for the year		-	0.9	374.5	-	375.4
EIS units converted, sold or forfeited and EEP issues	21(b)	17.2	-	-	-	17.2
Contributions of equity, net of transaction costs	21(b)	565.7	-	-	-	565.7
Distributions provided for or paid	23	-	-	(241.3)	-	(241.3)
Discount on acquisition of NCI			5.4	-		5.4
NCI eliminated on acquisition		-	-	-	(54.9)	(54.9)
Total transactions with owners in their capacity as owners		582.9	5.4	(241.3)	(54.9)	292.1
Balance 30 June 2010		**4,905.9**	**7.2**	**126.7**	**-**	**5,039.8**

		Attributable to stapled unitholders of Mirvac Property Trust				
		Contributed equity	Reserves	Retained Earnings	NCI	Total
Consolidated	Note	$m	$m	$m	$m	$m
Balance 1 July 2008		2,880.1	(0.0)	642.8	58.3	3,581.2
Total comprehensive income for the year		-	0.9	(541.6)	-	(540.7)
EIS units converted, sold or forfeited and EEP issues	21(b)	5.7	-	-	-	5.7
Contributions of equity, net of transaction costs	21(b)	1,437.2	-	-	-	1,437.2
Distributions provided for or paid	23	-	-	(107.7)	-	(107.7)
NCI		-	-	-	(3.4)	(3.4)
Total transactions with owners in their capacity as owners		1,442.9	-	(107.7)	(3.4)	1,331.8
Balance 30 June 2009		4,323.0	0.9	(6.5)	54.9	4,372.3

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

Mirvac Property Trust and its controlled entities
Statement of cash flows
For the year ended 30 June 2010

	Note	Consolidated 2010 $m	2009 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**431.0**	346.9
Payments to suppliers (inclusive of goods and services tax)		**(149.1)**	(135.6)
		281.9	211.3
Interest received		**74.4**	68.3
Distributions received		**18.4**	28.6
Borrowing costs paid		**(45.6)**	(75.0)
Income tax paid		**(0.6)**	(0.4)
Net cash inflows from operating activities	34(b)	**328.5**	232.8
Cash flows from investing activities			
Payments for property, plant and equipment		**-**	(0.3)
Payments for investment properties		**(277.1)**	(156.5)
Proceeds from sale of investment properties and assets held for sale		**145.5**	-
Contributions to joint venture and associate entities		**-**	(9.3)
Proceeds from sale of associate entities		**2.0**	-
Payments for acquisition of controlled entities, net of cash acquired		**(23.2)**	-
Repayment of loans by entities related to the responsible entity		**-**	150.0
Net cash outflows from investing activities		**(152.8)**	(16.1)
Cash flows from financing activities			
Proceeds from borrowings		**150.0**	97.5
Repayment of borrowings		**(1,016.6)**	(730.2)
Distributions paid		**(179.4)**	(137.4)
Distributions paid to NCI		**(1.4)**	(3.2)
Payment of distribution relating to business acquisition		**(6.3)**	-
Payment for NCI		**(13.7)**	-
Proceeds from issue of stapled units		**561.2**	1,269.0
Contributed equity raising costs		**(10.9)**	(33.6)
Net cash (outflows)/inflows from financing activities		**(517.1)**	462.1
Net (decrease)/increase in cash and cash equivalents		**(341.4)**	678.8
Cash and cash equivalents at the beginning of the year		**687.4**	8.5
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	0.1
Cash and cash equivalents at the end of the year	34(a)	**345.9**	687.4

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

1. Summary of significant accounting policies

The financial statements of the consolidated entity consist of the consolidated financial statements of Mirvac Property Trust and its controlled entities.

Mirvac – stapled securities

One Mirvac Property Trust unit is stapled to one Mirvac Limited share to form a Mirvac Group stapled security. The stapled securities are quoted and traded together on the ASX and cannot be traded or dealt with separately.

The entities forming the stapled group entered into a Deed of Cooperation which provided that the members consider the interests of Mirvac as a whole, when entering into any agreement or arrangement, or carrying out any act. This Deed of Cooperation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of Mirvac as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of AAS and the *Corporations Act 2001*. In accordance with Urgent Issues Group Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-Of-Transition Stapling Arrangements*, Mirvac Limited has been deemed the parent entity of Mirvac Property Trust.

The stapled security structure will cease to operate on the first to occur of:
- any of Mirvac Limited or Mirvac Property Trust resolving by special resolution in general meeting and in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of Mirvac Limited or Mirvac Property Trust

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

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

(a) Basis of preparation

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

(i) Compliance with International Financial Reporting Standards (“IFRS”)
The consolidated financial statements of the consolidated entity also comply with IFRS as issued by the International Accounting Standards Board (“IASB”).

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

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

(iv) Financial statements preparation
The consolidated entity has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the consolidated entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

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

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(vi) Rounding of amounts
The Trust is of the kind referred to in Class Order 98/0100 issued by ASIC, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest tenth of a million dollars in accordance with that Class Order.

(b) Principles of consolidation

(i) Controlled entities
The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Mirvac Property Trust as at 30 June 2010 and the results of all controlled entities for the year then ended.

Controlled entities are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a unitholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the business combinations undertaken by the consolidated entity (refer to note 1(g) Business combinations).

Intertrust transactions and balances between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests ("NCI") in the results and equity of controlled entities are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

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

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions receivable from associates reduce the carrying amount of the investments. Dividends receivable from associates are recognised in the parent entity profit or loss.

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

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

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

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Joint ventures
The interests in joint ventures partnerships are accounted for in the consolidated financial statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnerships are recognised in profit or loss, and the share of movements in reserves is recognised in other comprehensive income. Profits or losses on transactions establishing the joint venture partnership and transactions with the joint ventures are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the current assets, or an impairment loss.

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

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

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(v) Changes in accounting policy
The consolidated entity has changed its accounting policy for transactions with NCI and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative. The revisions to AASB 127 contained consequential amendments to AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

Previously transactions with NCI were treated as transactions with parties external to the consolidated entity. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the controlled entity was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date of control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The consolidated entity has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer – Investments ("CEOI"), effective 1 July 2010 (previously known as Director – Investment).

Change in accounting policy
The consolidated entity has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting.* The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in the identification of five reportable segments. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the CEOI. The change in reportable segments has resulted in a reallocation of goodwill. There has been no further impact on the measurement of the consolidated entity's assets and liabilities. Comparatives for 2009 have been restated.

1. Summary of significant accounting policies (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Foreign controlled entities

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

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

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

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Rental income

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

(ii) Recoverable outgoings

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

(iii) Interest

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

(iv) Dividends

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

1. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(iv) Dividends (continued)

Change in accounting policy
The consolidated entity has changed its accounting policy for dividends paid out of pre-acquisition profits from 1 July 2009 when the revised AASB 127 *Consolidated and Separate Financial Statements* became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

(f) Income Tax

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

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

(g) Business combinations

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

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

Change in accounting policy
A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes. All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the consolidated entity's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition. Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill. NCI in an acquiree is now recognised either at fair value or at the NCI proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the NCI was always recognised at its share of the acquiree's net identifiable assets.

1. Summary of significant accounting policies (continued)

(g) Business combinations (continued)

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of Mirvac Real Estate Investment Trust ("MREIT") disclosed in note 35. Acquisition related costs of $19.4m were recognised in profit or loss. The consolidated entity has chosen to recognise the NCI at the proportionate share of the net identifiable assets of MREIT for this acquisition.

(h) Impairment of assets

Goodwill and intangibles that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using post-tax discount rate that reflects current market assessments of both the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit ("CGU")) carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs).

The lowest level at which the consolidated entity allocates and monitors goodwill is at the primary reporting segments level (refer to note 3).

(i) Cash and cash equivalents

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

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Assets classified as held for sale

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

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset classified as held for sale is recognised at the date of de-recognition.

1. Summary of significant accounting policies (continued)

(k) Assets classified as held for sale (continued)

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

(l) Investments and other financial assets

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

- *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

- *Loans and receivables*

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

- *Held to maturity investments*

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

- *Available-for-sale financial assets*

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

(ii) Recognition and derecognition
Purchases and sales of investments are recognised on trade-date being the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When units classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment units.

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

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

1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iv) Impairment of financial assets
The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a unit below its costs is considered in determining whether the unit is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value) less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in profit and loss as a reclassification adjustment. Impairment losses recognised in the profit and loss on equity instruments are not reversed through profit or loss.

If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

- hedges of the fair value of recognised assets, liabilities or a firm commitment (fair value hedge), or
- hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

1. Summary of significant accounting policies (continued)

(m) Derivatives (continued)

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

(n) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

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

(o) Investment properties

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

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in profit or loss.

Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management.

The carrying amount of the investment properties recorded in the statement of financial position includes components relating to lease incentives.

Change in accounting policy
Investment properties now also includes properties that are under construction for future use as investment properties. These are also carried at fair value unless the fair value can not yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete. This is different to previous years where properties under construction were accounted for at cost and presented under property, plant and equipment until construction was complete.

The change in policy was necessary following changes made to AASB 140 *Investment Property* as a result of the IASB's 2008 Improvements standard. The consolidated entity has elected to adopt the revised rules prospectively from 1 July 2009. The fair value of IPUC is determined on the basis of either DCF or residual methods. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The remaining expected costs of completion plus risk adjusted development margin are deducted from the estimated future asset value.

(ii) Investment properties under redevelopment
Existing investment properties being redeveloped for continued future use are carried at fair value.

1. Summary of significant accounting policies (continued)

(o) Investment properties (continued)

(iii) Lease incentives
Lease incentives provided under an operating lease are recognised on a straight-line basis against rental income. As these incentives are repaid out of future lease payments, they are recognised as an asset in the statement of financial position as a component of the carrying amount of investment properties and amortised over the lease period.

Where the investment property is supported by a valuation that incorporates the value of lease incentives, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

(p) Intangible assets

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

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables, whose settlement is deferred, are measured at amortised cost.

(r) Borrowings and borrowing costs

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

(s) Provisions

Provisions for legal claims, forward contracts and make good obligations are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Contributed equity

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

1. Summary of significant accounting policies (continued)

(u) Distributions

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

(v) Earnings per unit

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

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

(w) Goods and Services Tax (GST)

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

(x) Parent entity financial information

The financial information for the parent entity, Mirvac Property Trust, disclosed in note 37 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

(y) New accounting standards and interpretations

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions [AASB 2]* **(**effective from 1 January 2010) The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the consolidated entity settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity or a cash-settled transaction. The consolidated entity will apply the amended standard from 1 July 2010; there will be no financial impact as the consolidated entity does not receive goods or service which are equity settled.

1. Summary of significant accounting policies (continued)

(y) New accounting standards and interpretations (continued)

(ii) *AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]* (effective from 1 February 2010) In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The consolidated entity will apply the amended standard from 1 July 2010. As the consolidated entity has not made any such rights issues, the amendment will not have any effect on the financial statements.

(iii) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013) AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the consolidated entity's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The consolidated entity is yet to assess its impact and decide when to adopt AASB 9.

(iv) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards* (effective from 1 January 2011) In December 2009, the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. When the amendments are applied, the consolidated entity will need to disclose any transactions between its controlled entities, associates and joint ventures. The consolidated entity already has systems in place to capture the necessary information and does not believe there will be any financial impact of the amendment.

(v) *AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19* (effective from 1 July 2010) AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The consolidated entity will apply the interpretation from 1 July 2010. It is not expected to have any impact on the consolidated entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the consolidated entity has not entered into any debt for equity swaps since that date.

2. Critical accounting estimates and judgements

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

Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The consolidated entity annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(p). Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the net present value ("NPV").

The carrying amount of goodwill at the end of the reporting period was $49.9m (2009: $49.9m). There was no impairment loss recognised during the period (2009: nil). Details on the assumptions used are provided in note 17.

2. Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(ii) Estimated impairment of investments accounted for using the equity method
During the period there was no impairment on the consolidated entity's investment accounted for using the equity method. The investment is tested for impairment, by comparing recoverable amounts (higher of value in use and fair value less costs to sell) with the carrying amounts, whenever there is indication that the investment may be impaired.

In determining the value in use of the investment, the consolidated entity estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal. Details of this impairment and the assumptions used by management in assessing the impairment are provided in notes 26 and 27.

(iii) Fair value of investments not traded in active markets
The fair value of investments that are not traded in an active market is determined by the unit price as advised by the Fund Manager. The unit price is determined by the NPV calculations using future cash flows and an appropriate post-tax discount rate. The carrying value of investments not traded in an active market is determined using the above described techniques and assumptions are $18.0 m (2009: $20.6m) and are disclosed as financial assets at fair value through profit or loss (refer to note 9). There was no impairment recognised during the period (2009: impairment loss of $3.6m). Details on the assumptions used are provided in note 9.

(iv) Valuation of investment properties
The consolidated entity uses judgement in respect of the fair values of investment properties. Investment properties are re-valued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting date are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The carrying value at the end of the reporting period for investment properties is $4,212.3m (2009: $3,279.5m). Details on investment properties provided in note 15.

(v) Valuation of Investment properties under construction ("IPUC")

IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated costs to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either DCF or residual methods. Both methods require consideration of the project risks which are relevant to the development process, including but not limited to construction and letting risks. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The net loss from fair value of IPUC was $48.9m (2009: nil). The carrying value of $41.5m at the end of the reporting period is included in investment properties.

(vi) Valuation of assets acquired in business combinations
During the year the consolidated entity completed the acquisition of MREIT (refer to note 35). On recognising this acquisition, management used estimations and assumptions of the fair value of the assets and liabilities assumed at date of control.

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

3. Segmental information

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

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

3. Segmental information (continued)

Business segments

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

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

Office	-	Office accommodation
Retail	-	Retail accomodation
Industrial	-	Factories and other industrial use accomodation
Other	-	Hotel and car park facilities accommodation
Unallocated	-	Not attributed directly to one of the above segments

Inter-segment transfers

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

Comparative information

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

Operating profit

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

Geographical analysis

The consolidated entity operates predominantly in Australia.

Customer analysis

34.5 per cent of the consolidated entity's revenue is derived from Australian Government, ASX listed and multinational tenants. In the current period the Australian Government provides 10.8 per cent of the consolidated entity's revenue (2009: no single customer provided more than 10 per cent of the consolidated entity's revenue).

3. Segmental information (continued)

2010	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Revenue						
Investment properties rental revenue	159.1	181.7	33.0	11.2	-	385.0
Investment properties expenses	(40.4)	(63.5)	(6.4)	(2.8)	-	(113.1)
Net property income	118.7	118.2	26.6	8.4	-	271.9
Interest revenue	-	-	-	-	75.8	75.8
Distribution revenue	-	-	-	-	1.8	1.8
Other revenue	-	-	-	-	2.2	2.2
Share of net profit of associates and joint ventures accounted for using the equity method	-	-	-	-	22.0	22.0
Finance costs	-	-	-	-	(39.3)	(39.3)
Other expenses	-	-	-	-	(8.7)	(8.7)
Net profit before tax	118.7	118.2	26.6	8.4	53.8	325.7
Profit attributable to NCI	-	-	-	-	(1.4)	(1.4)
Income tax expense	-	-	-	-	(0.6)	(0.6)
Operating profit (profit before specific non-cash and significant items)	118.7	118.2	26.6	8.4	51.8	323.7
Specific non-cash items						
Net gain/(loss) from fair value adjustments on investment properties	0.4	6.1	(30.1)	(12.0)	-	(35.6)
Net losses on fair value of derivative financial instruments and associated foreign exchange movements	-	-	-	-	(11.5)	(11.5)
Amortisation of lease incentives	(8.3)	(1.8)	(0.3)	-	-	(10.4)
Straight lining of lease revenue	2.4	-	0.1	-	-	2.5
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates losses	-	-	-	-	(20.4)	(20.4)
Significant items						
Net gain from sale of non-aligned assets	-	-	-	-	0.5	0.5
Discount on business combination	-	-	-	-	119.8	119.8
Net gain on remeasurement of equity interest	-	-	-	-	25.3	25.3
Business combination transaction costs	-	-	-	-	(19.4)	(19.4)
Net profit/(loss) attributable to the stapled unitholders	113.2	122.5	(3.7)	(3.6)	146.1	374.5

3. Segmental information (continued)

2009	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Revenue						
Investment properties rental revenue	130.1	151.2	24.2	11.6	-	317.1
Investment properties expenses	(32.3)	(51.8)	(4.4)	(1.7)	-	(90.2)
Net property income	97.8	99.4	19.8	9.9	-	226.9
Interest revenue	-	-	-	-	68.4	68.4
Distribution revenue	-	-	-	-	1.1	1.1
Other revenue	-	-	-	-	0.7	0.7
Share of net profit of associates and joint ventures accounted for using the equity method	-	-	-	-	20.8	20.8
Finance costs	-	-	-	-	(73.5)	(73.5)
Other expenses	-	-	-	-	(5.2)	(5.2)
Net profit before tax	97.8	99.4	19.8	9.9	12.3	239.2
Profit attributable to NCI	-	-	-	-	(3.3)	(3.3)
Income tax expense	-	-	-	-	(0.2)	(0.2)
Operating profit (profit before specific non-cash and significant items)	97.8	99.4	19.8	9.9	8.8	235.7
Specific non-cash items						
Net loss from fair value adjustments on investment properties	(182.8)	(248.5)	(52.8)	(20.6)	-	(504.7)
Net gain on fair value of financial instruments	-	-	-	-	(110.3)	(110.3)
Amortisation of lease incentives	(7.5)	(1.7)	(0.2)	-	-	(9.4)
Straight lining of lease revenue	1.2	-	0.1	-	-	1.3
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates losses	-	-	-	-	(141.2)	(141.2)
Net loss from fair value of investment properties, derivatives and other specific non-cash items included in NCI	-	-	-	-	3.4	3.4
Significant items						
Impairment of property, plant and equipment	-	-	-	-	(3.6)	(3.6)
Impairment of investments including associates and joint ventures	-	-	-	-	(9.2)	(9.2)
Impairment of other financial assets fair value through profit or loss	-	-	-	-	(3.6)	(3.6)
Net loss attributable to the stapled unitholders	(91.3)	(150.8)	(33.1)	(10.7)	(255.7)	(541.6)

3. Segmental information (continued)

June 2010	**Office $m**	**Retail $m**	**Industrial $m**	**Other $m**	**Unallocated $m**	**Total $m**
Segment assets	2,026.6	1,768.3	382.9	88.3	1,366.2	5,632.2
Segment liabilities	-	-	-	-	592.4	592.4
Investments in associates	-	-	-	-	207.0	207.0
Acquisitions of investment properties including capital expenditures	239.9	27.0	20.4	0.1	-	287.4
Amortisation expense	10.4	3.3	0.6	-	-	14.3

June 2009	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Segment assets	1,446.4	1,471.4	261.6	179.7	1,863.6	5,222.7
Segment liabilities	-	-	-	-	850.4	850.4
Investments in associates and joint ventures	-	-	-	-	225.2	225.2
Acquisitions of investment properties including capital expenditures	52.1	79.0	18.2	-	-	149.3
Amortisation expense	9.6	2.2	0.5	-	-	12.3

4. Revenue from continuing operations and other income

	Consolidated	
	2010 $m	2009 $m
Interest revenue		
Cash and cash equivalents	**19.9**	0.8
Loans to entities related to the responsible entity and controlled entities	**55.9**	67.6
Total interest revenue	**75.8**	68.4
Net (loss)/gain on financial instruments		
Net gain on interest rate derivatives	**0.9**	7.3
Loss on fair value of interest rate derivatives	**(9.0)**	(116.2)
Loss on fair value of other financial instruments	**(2.8)**	(1.4)
Net loss on financial instruments	**(10.9)**	(110.3)

5. Expenses

	Consolidated 2010 $m	Consolidated 2009 $m
Profit/(loss) before income tax includes the following specific expenses		
Finance costs		
Interest on bank overdraft and loans	**37.8**	72.4
Borrowing costs amortised	**1.5**	1.1
Finance costs	**39.3**	73.5
Amortisation		
Lease fit-out incentives	**10.4**	9.4
Lease incentives	**3.9**	2.9
Total amortisation	**14.3**	12.3
Other charges against assets		
Impairment of trade receivables	**0.1**	0.5
Impairment of other financial assets at fair value through profit or loss (note 9)	**-**	3.6
Impairment of property, plant and equipment (note 16)	**-**	3.6
Impairment of investments in associates (note 26)	**-**	9.2

6. Income tax

	Consolidated 2010 $m	Consolidated 2009 $m
(a) Income tax expense		
Tax expense	**0.6**	0.2
Income tax expense	**0.6**	0.2
Income tax expense is attributable to:		
Decrease in deferred tax liabilities (b)	**-**	(0.2)
USA tax on foreign income	**0.6**	0.4
	0.6	0.2

	Consolidated 2010 $m	Consolidated 2009 $m
(b) Deferred tax liabilities		
The balance comprise of temporary differences attributable to investment properties:		
Movements		
Balance 1 July 2009	**-**	0.2
Deferred tax expense	**-**	(0.2)
Balance 30 June 2010	**-**	-

7. Earnings per unit

	Consolidated 2010 Cents	Consolidated 2009 Cents
Earnings per unit		
Basic earnings per unit	**12.67**	(32.70)
Diluted earnings per unit[1]	**12.61**	(32.36)
	$m	$m
Basic and diluted earnings per unit		
Net profit/(loss) used in calculating earnings per unit	**374.5**	(541.6)

Weighted average number of units after rights issue notional adjustment used as denominator[1]	**Number millions**	Number millions
Weighted average number of units used in calculating basic earnings per unit	**2,954.7**	1,653.4
Adjustment for calculation of diluted earnings per unit		
Units issued under EIS	**15.7**	17.4
Weighted average number of units used in calculating diluted earnings per unit	**2,970.4**	1,670.8

1 Diluted units do not include the options and rights issued under the previous LTI plan as the exercise of these equity instruments are contingent on conditions during the vested period.

8. Receivables

	Consolidated 2010 $m	Consolidated 2009 $m
Current receivables		
Trade receivables	**0.5**	0.3
Provision for impairment of receivables	**(0.1)**	(0.3)
	0.4	-
Loans to entities related to responsible entity	**700.0**	700.0
Amounts due from related parties	**-**	94.9
Other receivables	**16.7**	65.2
	717.1	860.1
Non-current receivables		
Other receivables	**13.0**	-
	13.0	-
Total receivables	**730.1**	860.1

Further information in relation to amounts due from related entities is set out in note 31.

(a) Trade receivables

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

(b) Other receivables

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

8. Receivables (continued)

(c) Provision for impairment of receivables

Movements in the provision for impairment of receivables are detailed below:

	Consolidated	
	2010	2009
	$m	$m
Balance 1 July 2009	**(0.3)**	(0.7)
Amounts written off	**-**	0.3
Provision for impairment recognised	**0.2**	0.1
Balance 30 June 2010	**(0.1)**	(0.3)

The consolidated entity has not written off any impairment of trade receivables during the reporting period (2009: $0.3m). This loss has been applied against the provision for impairment of receivables.

(d) Credit risk

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

The ageing of receivables is detailed below:

	Consolidated			
	2010		2009	
	Total receivables	**Provision for impairment**	Total receivables	Provision for impairment
	$m	**$m**	$m	$m
Not past due	**717.0**	**-**	860.1	-
Renegotiated	**-**	**-**	-	-
Past due 1 - 30 days	**0.2**	**(0.1)**	-	-
Past due 31 - 60 days	**-**	**-**	-	-
Past due 61 - 90 days	**-**	**-**	-	-
Past due 91 - 120 days	**-**	**-**	-	-
Past 120 days	**-**	**-**	0.3	(0.3)
Total	**717.2**	**(0.1)**	860.4	(0.3)

Under certain circumstances, the consolidated entity has not provided for balances past due as it has been determined that there has not been a significant change in credit quality at reporting date based upon the customer's payment history and analysis of the customer's financial accounts. The consolidated entity holds collateral over receivables of $41.0m (2009: $42.8m). The fair value of the collateral held equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, the consolidated entity is able to claim the collateral held.

(e) Interest rate risk exposures

Refer to note 32 for the consolidated entity's exposure to interest rate risk.

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

	Consolidated	
	2010	2009
	$m	$m
Units in unlisted fund		
Balance 1 July 2009	**20.6**	25.6
Distribution reinvested	**0.2**	-
Impairment of other financial assets at fair value through profit or loss	**-**	(3.6)
Loss on revaluation of other financial assets at fair value through profit or loss	**(2.8)**	(1.4)
Balance 30 June 2010	**18.0**	20.6

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

(a) Unlisted units

Unlisted units are traded in inactive markets. The fair value of investments that are not traded in an active market is determined by the unit price as advised by the Fund Manager

Included in unlisted units in the consolidated entity are units in Australian Sustainable Forestry Investors (“ASFI”) owned by James Fielding Infrastructure Sustainable Equity Fund (“JFISEF”) of 5.2m units (25.2%) and units in JF Infrastructure Yield Fund (“JFIYF”) owned by James Fielding Trust (“JFT”) of 12.9m units (21.8%).

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

The fair value of the units in ASFI is determined using an independent valuer to value the units in the Fund. The unit price is determined using forecast future cash flow distributions to unitholders, discounted to net present value using an appropriate post tax discount rate.

The discount rate used to determine the present value of forecast cash flows was determined by the independent valuer based on a market interest rate and a risk premium specific to the assets of the Fund.

The fair value is determined using valuation techniques that are not supported by prices from an observable market, the fair value recognised in the financial statements would not change significantly if the underlying assumptions made in estimating the fair values would change to reasonably possible alternatives.

(b) Price risk exposures

Refer to note 32 for the consolidated entity’s exposure to price risk on other financial assets at fair value through profit or loss.

10. Assets classified as held for sale

	Consolidated	
	2010	2009
	$m	$m
Investment properties	**53.7**	-

11. Other assets

	Consolidated	
	2010	2009
	$m	$m
Prepayments	**8.9**	10.2

12. Investments accounted for using the equity method

	Consolidated	
	2010	2009
	$m	$m
Statement of financial position		
Interest in associates – accounted for using equity method (note 26)	**207.0**	166.2
Interests in joint ventures – accounted for using equity method (note 27)	-	59.0
	207.0	225.2
Statement of comprehensive income		
Share of net gain/(loss) of interest in associates – accounted for using equity method (note 26)	**5.4**	(93.8)
Share of net loss of interest in joint ventures – accounted for using equity method (note 27)	**(3.9)**	(26.5)
	1.5	(120.3)

13. Derivative financial instruments

	Consolidated	
	2010	2009
	$m	$m
Derivative financial assets		
Current		
Interest rate swap contracts – fair value	**2.0**	5.5
Non-current		
Interest rate swap contracts – fair value	**4.4**	4.8
	6.4	10.3
Derivative financial liabilities		
Current		
Interest rate swap contracts – fair value	**0.6**	-
Non-current		
Interest rate swap contracts – fair value	**15.6**	10.9
	16.2	10.9

(a) Instruments used by the consolidated entity

Refer to note 32 for information on instruments used by the consolidated entity.

13. Derivative financial instruments (continued)

(b) Interest rate risk exposures

Refer to note 32 for the consolidated entity's exposure to interest rate risk on interest rate swaps.

14. Other financial assets

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

Interests held in controlled entities of Mirvac Property Trust

Name of entity	Country of incorporation	Class of units	Equity Holding 2010* %	Equity Holding 2009* %
10-20 Bond Street Trust[3]	Australia	Ordinary	**100**	-
1900-2000 Pratt Inc.	USA	Ordinary	**100**	100
197 Salmon Street Trust[1]	Australia	Ordinary	**100**	50
380 St Kilda Road Trust	Australia	Ordinary	**100**	100
Davey Financial Management Birkdale Fair Trust[3]	Australia	Ordinary	**100**	-
Davey Financial Management Pender Place Shopping Centre Trust[3]	Australia	Ordinary	**100**	-
James Fielding Infrastructure Sustainable Equity Fund	Australia	Ordinary	**100**	100
James Fielding Retail Property Sub-trust[3]	Australia	Ordinary	**100**	-
James Fielding Trust	Australia	Ordinary	**100**	100
JF Property Trust[3]	Australia	Ordinary	**100**	-
JFIF New South Wales Trust[3]	Australia	Ordinary	**100**	-
JFIF Victorian Trust[3]	Australia	Ordinary	**100**	-
JFM Hotel Trust[3]	Australia	Ordinary	**100**	-
Lanyon Marketplace Trust[3]	Australia	Ordinary	**100**	-
Meridian Investment Trust No 1[3]	Australia	Ordinary	**100**	-
Meridian Investment Trust No 2[3]	Australia	Ordinary	**100**	-
Meridian Investment Trust No 3[3]	Australia	Ordinary	**100**	-
Meridian Investment Trust No 4[3]	Australia	Ordinary	**100**	-
Meridian Investment Trust No 5[3]	Australia	Ordinary	**100**	-
Meridian Investment Trust No 6[3]	Australia	Ordinary	**100**	-
Mirvac 8 Chifley Trust[2]	Australia	Ordinary	**100**	50
Mirvac Broadway Sub-trust	Australia	Ordinary	**100**	100
Mirvac Commercial Trust	Australia	Ordinary	**100**	100
Mirvac Funds Finance Pty Limited[3]	Australia	Ordinary	**100**	-
Mirvac Funds Loan Note Pty Limited[3]	Australia	Ordinary	**100**	-
Mirvac Glasshouse Sub-trust	Australia	Ordinary	**100**	100
Mirvac Industrial Fund[3]	Australia	Ordinary	**100**	-
Mirvac Lakehaven Sub-trust	Australia	Ordinary	**100**	100
Mirvac Property Trust No 2	Australia	Ordinary	**100**	100
Mirvac Real Estate Investment Trust[3]	Australia	Ordinary	**100**	25
Mirvac Retail Fund[3]	Australia	Ordinary	**100**	-
Mirvac Retail Head Trust	Australia	Ordinary	**100**	100
Mirvac Rhodes Sub-trust	Australia	Ordinary	**100**	100
Mt Sheridan Plaza Trust[3]	Australia	Ordinary	**100**	-
Old Wallgrove Trust[1]	Australia	Ordinary	**100**	50
Peninsular Homemaker Centre Trust	Australia	Ordinary	**100**	100

14. Other financial assets (continued)

Interests held in controlled entities of Mirvac Property Trust (continued)

Name of entity	Country of incorporation	Class of units	Equity Holding 2010* %	Equity Holding 2009* %
Property Performance Fund No. 3[3]	Australia	Ordinary	**100**	-
Property Performance Fund No. 4[3]	Australia	Ordinary	**100**	-
Property Performance Fund No. 5[3]	Australia	Ordinary	**100**	-
Springfield Regional Shopping Centre Trust[1]	Australia	Ordinary	**100**	67
The George Street Trust	Australia	Ordinary	**100**	100
The Mulgrave Trust	Australia	Ordinary	**100**	100

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

1 Ownership in these entities increased to 100% during the financial year as a result of the MREIT acquisition and therefore are consolidated as controlled entities from the effective date of control.

2 Ownership in this entity increased to 100% during the financial year and therefore is consolidated as a controlled entity from the effective date of control. This entity was previously Mirvac AustralianSuper Trust and changed its name on 27 October 2009.

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

Mirvac Property Trust and its controlled entities
Notes to the financial statements
For the year ended 30 June 2010

15. Investment properties

	Note	Date of acquisition	Cost & additions to 30 June 2010 $m	Book value 30 June 2010 $m	Book value 30 June 2009 $m	Cap rate 30 June 2010 (%)	Cap rate 30 June 2009 (%)	Discount rate 30 June 2010 (%)	Discount rate 30 June 2009 (%)	Date of last external valuation	Last external valuation $m
Mirvac Property Trust and its controlled entities											
1 Castlereagh Street, Sydney NSW		Dec 1998	64.3	68.0	64.3	7.65%	8.00%	9.50%	9.50%	Jun 2010	68.0
1 Darling Island, Pyrmont, NSW		Apr 2004	153.7	163.0	161.0	7.25%	7.00%	9.25%	9.25%	Dec 2008	172.5
10 Julius Avenue, North Ryde NSW	1, 5	Dec 2005	67.8	53.8	-	8.25%	-	9.75%	-	-	-
101-103 Miller Street, Greenwood Plaza, North Sydney NSW (50% interest)		Jun 1994	241.7	242.2	251.5	6.75% - 7.00%	6.25% - 6.50%	9.00% - 9.50%	8.75% - 9.00%	Dec 2008	251.5
10-20 Bond Street, Sydney NSW (50% interest)	1, 5	Jul 2004	156.7	92.3	-	7.50%	-	9.25%	-	Dec 2009	85.0
12 Cribb Street, Milton QLD	1, 5	Apr 1999	10.7	13.3	-	9.00%	-	10.25%	-	Dec 2009	13.3
12 Julius Avenue, North Ryde NSW	1, 5	Nov 1999	24.5	24.2	-	8.50%	-	9.75%	-	-	-
1-47 Percival Road, Smithfield NSW		Nov 2002	27.7	27.5	20.0	8.25%	8.50%	9.75%	9.25%	Mar 2010	27.5
164 Grey Street, Southbank QLD	2	Jun 2001	-	-	14.0	-	8.00%	-	9.00%	-	-
189 Grey Street, Southbank QLD		Apr 2004	61.9	65.0	65.0	7.75%	7.75%	9.25%	9.00%	Jun 2010	65.0
190 George Street, Sydney NSW		Aug 2003	36.9	36.7	39.0	8.50%	8.00%	9.25%	9.25%	Dec 2009	36.7
1900-2060 Pratt Boulevard, Chicago, Illinois USA		Dec 2007	35.4	30.8	40.7	8.00%	8.00%	10.50%	9.50%	Dec 2009	33.6
191 - 197 Salmon Street, Port Melbourne	1, 5	Jul 2003	91.6	100.0	-	8.00%	-	9.50%	-	Jun 2010	100.0
200 George Street, Sydney NSW		Oct 2001	25.0	24.8	25.0	8.25%	8.25%	9.25%	9.50%	Dec 2009	24.8
23 Furzer Street, Woden ACT	1, 5	Jul 2008	239.2	225.0	-	7.25%	-	9.25%	-	Jun 2010	225.0
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC	3	Aug 2001	-	-	12.0	-	9.50%	-	9.50%	-	-
271 Lane Cove Road, North Ryde NSW		Apr 2000	30.0	33.0	40.0	8.00%	8.00%	9.50%	9.25%	Jun 2010	33.0
3 Rider Boulevard, Rhodes NSW	1, 5	Jan 2007	75.9	73.0	-	8.00%	-	9.25%	-	-	-
30-32 Compark Circuit, Mulgrave VIC	2	Feb 2003	-	-	6.5	-	9.50%	-	9.50%	-	-
32 Sargents Road, Minchinbury NSW	1, 5	Feb 2004	26.6	24.1	-	8.75%	-	9.25%	-	-	-
333-343 Frankston-Dandenong Road & 4 Abbotts Road, Dandenong, VIC	3	Jan 2004	-	-	13.2	-	-	-	-	-	-
340 Adelaide Street, Brisbane QLD	1, 5	Sep 1998	34.7	67.0	-	9.00%	-	9.50%	-	-	-
38 Sydney Avenue, Forrest ACT		Jun 1996	37.8	37.5	37.5	8.75%	8.75%	9.25%	9.50%	Dec 2008	41.9
40 Miller Street, North Sydney NSW		Mar 1998	89.3	93.5	90.0	7.50%	7.50%	9.25%	9.00%	Jun 2010	93.5
44 Biloela Street, Villawood NSW	2	Sep 2003	-	-	12.7	-	9.50%	-	10.50%	-	-
47-67 Westgate Drive, Altona North VIC	1, 5	Sep 2007	19.8	19.2	-	9.50%	-	10.00%	-	Dec 2009	19.0
52 Huntingwood Drive, Huntingwood NSW	1, 5	Nov 2004	27.5	23.0	-	9.00%	-	9.50%	-	-	-
54 Marcus Clarke Street, Canberra, ACT		Oct 1987	17.1	16.0	17.0	9.50%	9.50%	9.75%	9.75%	Dec 2008	19.0
64 Biloela Street, Villawood NSW		Feb 2004	21.5	21.5	21.5	9.50%	9.00%	10.50%	10.25%	Sep 2009	21.5

15. Investment properties (continued)

	Note	Date of acquisition	Cost & additions to 30 June 2010 $m	Book value 30 June 2010 $m	Book value 30 June 2009 $m	Cap rate 30 June 2010 (%)	Cap rate 30 June 2009 (%)	Discount rate 30 June 2010 (%)	Discount rate 30 June 2009 (%)	Date of last external valuation	Last external valuation $m
Aviation House, 16 Furzer Street, Phillip ACT		Jul 2007	64.5	67.0	67.0	7.75%	7.50%	9.50%	9.25%	Jun 2010	67.0
Ballina Central, Pacific Highway, Ballina NSW		Dec 2004	33.8	32.0	34.5	8.25%	8.00%	9.75%	9.25%	Jun 2009	34.5
Bay Centre, Pirrama Road, Pyrmont NSW		Jun 2001	96.2	97.0	98.0	7.50%	7.50%	9.25%	9.00%	Jun 2010	97.0
Blacktown MegaCentre, Blacktown Road, Blacktown NSW		Jun 2002	34.8	26.0	36.5	9.25%	9.00%	10.00%	10.00%	Dec 2008	40.0
Booz & Co Building, 10 Rudd Street, Canberra ACT	2	Oct 1987	-	-	18.7	-	8.50%	-	9.00%	-	-
Broadway Shopping Centre, Broadway NSW (50% interest)		Jan 2007	197.9	221.5	202.5	6.25%	6.13%	9.00%	8.75%	Jun 2010	221.5
Building 1,2,3 & 7, Riverside Quay, Southbank VIC		Apr 2002 & Jul 2003	145.0	151.2	144.0	8.00% - 8.25%	8.25% - 8.75%	9.50% - 10.25%	9.00% - 9.75%	Jun 2010	151.2
Cherrybrook Village Shopping Centre, Cherrybrook NSW	1, 5	Jun 2005	71.1	73.8	-	7.50%	-	9.50%	-	-	-
City Centre Plaza, Rockhampton QLD	1, 5	Mar 2004	43.4	44.0	-	8.25%	-	9.75%	-	-	-
Como Centre, Corner Toorak Road & Chapel Street, South Yarra VIC		Aug 1998	137.0	141.5	136.8	8.25% - 9.00%	8.25% - 9.25%	9.25% - 11.25%	9.25% - 10.75%	Jun 2009	136.8
Cooleman Court, Weston ACT	1, 5	Jul 2001 (50%) Nov 2004 (50%)	53.6	44.0	-	7.75%	-	9.50%	-	Jun 2010	44.0
Gippsland Centre, Cunninghame Street, Sale VIC		Jan 1994	50.1	49.8	49.7	8.25%	8.25%	9.50%	9.75%	Jun 2010	49.8
8 Chifley Square, Sydney NSW	1, 5	Apr 2006	76.1	30.0	-	8.25%	-	10.00%	-	-	-
Hinkler Central, Maryborough Street, Bundaberg QLD		Aug 2003	83.0	88.0	84.0	7.75%	7.50%	9.50%	9.25%	Mar 2009	84.0
James Ruse Business Park, 6 Boundary Road, Northmead NSW	3	Jul 1994	-	-	27.0	-	9.00%	-	9.75%	-	-
John Oxley Centre, 339 Coronation Drive, Milton QLD		May 2002	53.7	59.0	54.0	9.00%	9.00%	9.25%	9.25%	Mar 2009	54.0
Kawana Shoppingworld, Nicklin Way, Buddina QLD		Dec 1993 (50%) June 1998 (50%)	186.4	200.6	188.0	6.75%	6.50%	9.25%	9.00%	Jun 2010	200.6
Kwinana Hub Shopping Centre, Gilmore Avenue, Kwinana WA	2	Sep 2005	-	-	25.0	-	8.25%	-	9.75%	-	-
Lake Haven MegaCentre, Lake Haven NSW		Jan 2007	27.8	26.5	27.0	9.75%	9.50%	10.25%	10.00%	Dec 2008	30.0
Logan MegaCentre, Logan, QLD		Oct 2005	63.7	63.0	63.5	9.25%	9.00%	10.25%	10.25%	Dec 2008	71.0
Moonee Ponds Central (Stage II), Homer Street, Moonee Ponds VIC		Feb 2008	38.8	39.0	38.7	8.50%	8.50%	9.75%	9.75%	Jun 2010	39.0
Moonee Ponds Central, Homer Street, Moonee Ponds VIC		May 2003	22.2	22.8	22.8	7.75%	8.00%	9.50%	9.50%	Jun 2010	22.8
Morayfield SupaCentre, Morayfield QLD	1, 5	Sep 2007	46.0	37.5	-	9.75%	-	10.50%	-	Dec 2009	38.5
Nexus Industry Park (Atlas), Lyn Parade, Prestons NSW		Aug 2004	17.1	17.1	18.0	8.25%	8.00%	9.75%	9.25%	Sep 2009	17.1

15. Investment properties (continued)

	Note	Date of acquisition	Cost & additions to 30 June 2010 $m	Book value 30 June 2010 $m	Book value 30 June 2009 $m	Cap rate 30 June 2010 (%)	Cap rate 30 June 2009 (%)	Discount rate 30 June 2010 (%)	Discount rate 30 June 2009 (%)	Date of last external valuation	Last external valuation $m
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW		Aug 2004	21.4	21.5	22.0	8.75%	8.25%	9.50%	9.25%	Sep 2009	21.5
Nexus Industry Park (HPM),Lyn Parade, Prestons NSW		Aug 2004	14.7	14.8	15.5	8.75%	8.25%	9.50%	9.25%	Dec 2008	16.6
Nexus Industry Park (Natsteel), Lyn Parade, Prestons NSW		Aug 2004	12.0	12.0	12.5	8.75%	8.25%	9.50%	9.25%	Mar 2009	12.5
Orange City Centre, Summer Street, Orange NSW		Apr 1993	49.1	49.0	49.0	8.25%	8.25%	9.25%	9.25%	Jun 2010	49.0
Orion Springfield Town Centre, Springfield, QLD		Aug 2002	135.5	143.0	140.5	6.75%	6.50%	9.00%	9.00%	Dec 2008	140.5
Peninsula Lifestyle, Nepean Highway, Mornington VIC		Dec 2003	48.5	46.0	49.0	9.25%	8.75%	10.00%	10.00%	Dec 2008	53.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW		Nov 1989	28.5	28.5	37.0	8.50%	8.50%	10.25%	10.75%	Jun 2009	37.0
Rhodes Shopping Centre, Rhodes NSW (50% interest)		Jan 2007	86.9	99.0	90.5	7.00%	6.63%	9.25%	9.00%	Jun 2010	99.0
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC		Oct 1995 (50%) Apr 2001 (50%)	101.0	104.0	101.5	8.25%	8.50%	9.25%	9.00%	Jun 2009	101.5
St George Centre, 60 Marcus Clarke Street, Canberra ACT		Sep 1989	52.2	51.5	52.0	8.50%	8.50%	9.00%	9.00%	Jun 2009	52.0
St Marys Village Centre, Charles Hackett Drive, St Marys NSW		Jan 2003	40.3	42.3	40.2	7.75%	8.00%	9.25%	9.25%	Dec 2008	44.5
Stanhope Village, Sentry Drive, Stanhope Gardens NSW		Nov 2003	53.2	59.0	53.1	7.75%	8.00%	9.25%	9.00%	Jun 2010	59.0
Taree City Centre, Taree NSW	1, 5	Jul 2001 (50%) Nov 2004 (50%)	52.9	55.5	-	8.00%	-	9.50%	-	-	-
The Metcentre, 60 Margaret Street, Sydney NSW (50% interest)		Aug 1998	207.8	212.0	217.5	6.75% - 7.00%	6.50%	9.00% - 9.50%	8.50% - 9.00%	Dec 2008	217.5
Waverley Gardens Shopping Centre, Corner Police & Jacksons Road, Mulgrave VIC		Nov 2002	128.7	127.0	132.6	7.75%	7.50%	9.25%	9.50%	Jun 2010	127.0
Sub-Total Investment Properties				**4,170.8**	**3,279.5**						
Investment Properties Under Construction											
Nexus Industry Park (Stage 5), Lyn Parade, Prestons NSW	4	Aug 2004	8.5	8.5	-	8.25%	-	9.75%	-	-	-
Orion Springfield Land, Springfield QLD	4	Aug 2002	27.0	27.0	-	6.25% - 9.00%	-	9.00%	-	-	-
Network, Old Wallgrove Road, Eastern Creek NSW	1, 4, 5	Dec 2002	14.9	6.0	-	-	-	-	-	-	-
4 Dalley Street & Laneway, Sydney NSW	4	Mar 2004	26.8	-	-	6.75%	-	9.25%	-	-	-
Sub-Total IPUC				**41.5**	-						
Total investment properties				**4,212.3**	**3,279.5**						

1 Investment properties acquired through business combination

2 Investment properties disposed during the year.

3 Investment properties classified as assets held for sale during the year.

4 Investment properties under construction transferred from property plant and equipment

5 Acquisition dates and Cost and additions information based on disclosure of business combination acquiree. Refer to note 15(f)

15. Investment properties (continued)

(a) Reconciliation of carrying amounts of investment properties

	Consolidated	
	2010	2009
At fair value:	**$m**	$m
Balance 1 July 2009	**3,279.5**	3,628.5
Additions	**287.4**	149.3
Disposals	**(145.9)**	-
Transfers to assets held for sale	**(53.7)**	-
Net losses from fair value adjustments	**(35.6)**	(504.7)
Investment properties from business combination	**822.2**	-
Transfers from property, plant and equipment	**79.5**	13.4
Amortisation of fit out costs, leasing costs and rent incentive	**(19.1)**	(16.0)
Net (losses)/gains from foreign currency translation	**(2.0)**	9.0
Balance 30 June 2010	**4,212.3**	3,279.5

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

Investment properties rental revenue	**387.5**	318.4
Investment properties expenses	**(109.2)**	(87.4)
	278.3	231.0

(c) Valuation basis

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

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

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, consumer price index rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. Terminal value is determined by using an appropriate terminal cap rate. The consolidated entity's terminal cap rates are in the range of an additional 25 to 100 basis points above the respective property's cap rate.

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

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

(d) Non-current assets pledged as security

Refer to note 19(a) for information on non-current assets pledged as security by the controlled entity.

15. Investment properties (continued)

(e) Property portfolio

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

	Consolidated 2010 $m	2009 $m
Investment properties per statement of financial position	**4,212.3**	3,279.5
Properties classified as assets held for sale	**53.7**	-
Investment properties under construction classified as property, plant and equipment	**-**	79.5
	4,266.0	3,359.0

(f) Investment properties acquired through business combination

Investment properties acquired through business combination totalled $720.7m for the reporting period (2009: $nil) and were recorded at their fair value on the date of control. The date of acquisition and original cost information included in the detailed table are the original date of acquisition and the original cost of, and addition to, these properties as recorded in the accounting records of the acquiree as this information is more relevant to users of the financial statements.

16. Property, plant and equipment

Reconciliation of carrying amounts of property, plant & equipment

	Consolidated 2010 $m	2009 $m
Year ended 30 June 2010		
Opening net book amount	**79.5**	96.2
Additions	**-**	0.3
Assets classified as held for sale and other disposals	**-**	-
Impairment of property,plant and equipment	**-**	(3.6)
Transfers to investment properties	**(79.5)**	(13.4)
Closing net book amount	**-**	79.5
At 30 June 2010		
Cost or fair value	**-**	79.5
Net book amount	**-**	79.5

Property, plant and equipment comprised of investment properties under construction for the year ended 30 June 2009, refer to note 1(o).

During the period the carrying value of property, plant and equipment was not impaired (2009: $3.6m). The impairment charge represents the difference between the fair value less costs to sell (recoverable amount) and the carrying value of the property, plant and equipment.

During the financial year ended 30 June 2009, an impairment loss was recognised in relation to surplus land acquired as part of acquisition of Kwinana Shopping Centre in Western Australia. The value of the land was impacted by adverse market conditions, which impeded the Trust's ability to develop the site. Accordingly an impairment review was undertaken using the fair value less cost to sell based on its assessed market value. No subsequent impairment has been recognised in during the financial year ended 30 June 2010.

17. Intangible assets

	Consolidated	
	2010	2009
	$m	$m
Goodwill	**49.9**	49.9

(a) Allocation of goodwill by business segments

A segment level summary of the goodwill allocations is presented below:

	Commercial	**Retail**	**Industrial**	**Other**	**Unallocated**	**Total**
2010	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Goodwill	20.6	7.1	4.8	-	17.4	49.9
Balance 30 June 2010	**20.6**	**7.1**	**4.8**	**-**	**17.4**	**49.9**

	Commercial	Retail	Industrial	Other	Unallocated	Total
2009	$m	$m	$m	$m	$m	$m
Goodwill	20.6	7.1	4.8	-	17.4	49.9
Balance 30 June 2009	20.6	7.1	4.8	-	17.4	49.9

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

Goodwill is allocated to the consolidated entities cash-generating units (CGU's) identified according to business segments.

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

	Growth rate *		**Discount rate**	
CGU	**2010**	2009	**2010**	2009
Office	**-**	-	**10%**	10%
Retail	**-**	-	**10%**	10%
Industrial	**-**	-	**10%**	10%
Other	**-**	-	**10%**	10%

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

The recoverable amount of goodwill exceeds the carrying value at 30 June 2010. Management considers that for the carrying value to exceed the recoverable amount, there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring as unlikely.

18. Payables

	Consolidated	
	2010	2009
	$m	$m
Trade creditors	**14.2**	7.2
Other creditors and accruals	**24.7**	12.3
Rent in advance	**10.7**	2.2
Security deposits received	**1.3**	1.3
Amounts due to entities related to the responsible entity	**65.8**	64.4
	116.7	87.4

Further information in relation to amounts owing to related entities is set out in note 31.

19. Borrowings

	Note	Consolidated 2010 $m	2009 $m
Current			
Unsecured			
Syndicated bank loans	19(i)	**17.7**	-
Medium term notes	19(ii)	**200.0**	300.0
		217.7	300.0
Non-current			
Unsecured			
Syndicated bank loans	19(i)	**26.5**	248.7
Medium term notes	19(ii)	**150.0**	200.0
		176.5	448.7
		394.2	748.7

(a) Borrowings

(i) Unsecured bank loans
Mirvac has an unsecured syndicated loan facility of $1,917.5m (2009: $1,917.5m) with $1,112.5m (2009: $1,112.5m) revolving tranche maturing in June 2011 and $805.0m (2009: $805.0m) term tranche maturing in January 2012. Mirvac has $200.0m (2009: $150.0m) of unsecured bilateral facilities of which $150m expires in April 2013 and $50m in June 2011. Subject to the compliance with the terms, each of these bank loan facilities may be drawn at any time. The consolidated entity had drawn down $44.2m under this facility as at 30 June 2010 (2009: $248.7m).

(ii) Domestic medium term notes program
The consolidated entity has a domestic bond issue of $200.0m maturing in September 2010. In addition a new domestic bond issue was completed in March 2010 for $150.0m maturing in March 2015. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

(b) Assets pledged as security

The controlled entity does not have a debt facility secured by real property mortgages or a fixed and floating charge.

(c) Financing arrangements

	Consolidated 2010 $m	2009 $m
Total facilities		
Domestic medium term note	**350.0**	500.0
Syndicated bank loans *	**2,117.5**	2,067.5
	2,467.5	2,567.5
Used at end of the reporting period		
Domestic medium term note	**350.0**	500.0
Syndicated bank loans *	**44.2**	1,009.1
	394.2	1,509.1
Unused at end of the reporting period		
Domestic medium term note	**-**	-
Syndicated bank loans *	**2,073.3**	1,058.4
	2,073.3	1,058.4

* Total syndicated bank loan facilities relate to Mirvac, these facilities are available to the consolidated entity. The consolidated entity has drawn down $44.2m at 30 June 2010 (2009: $248.7m).

19. Borrowings (continued)

(c) Fair value

	Consolidated		Fair value	
	2010	2009	**2010**	2009
	$m	$m	**$m**	$m
Included in statement of financial position				
Non traded financial liabilities				
Domestic medium term notes	**350.0**	500.0	**350.0**	500.0
Syndicated bank loans	**44.2**	248.7	**44.2**	248.7
	394.2	748.7	**394.2**	748.7

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

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

(i) Included in statement of financial position

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

(ii) Excluded from statement of financial position

The Trust and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 28, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the estimated amount which would be payable by the consolidated entity as consideration for the assumption of those contingencies by another party.

20. Provisions

	Consolidated	
	2010	2009
	$m	$m
Distributions payable	**65.3**	3.4
Movements		
Balance 1 July 2009	**3.4**	90.6
Interim and final distributions	**241.3**	107.7
Payments made (including issue of units under distribution reinvestment plan (“DRP”))	**(179.4)**	(194.9)
Balance 30 June 2010	**65.3**	3.4

21. Contributed equity

(a) Paid up equity

Consolidated	**2010 Units m**	2009 Units m	**2010 $m**	2009 $m
Mirvac Property Trust – ordinary units issued	**3,254.8**	2,789.7	**4,905.9**	4,323.0
Total contributed equity	**3,254.8**	2,789.7	**4,905.9**	4,323.0

21. Contributed equity (continued)

(b) Movements in paid up equity for the year ended 30 June 2010 were as follows:

	Issue date	Issue price	Note	Consolidated units m	Consolidated units $m
Balance 1 July 2009				2,789.7	4,323.0
Acquisition of MREIT	7/12/2009	$1.26	(e)	190.1	239.5
Employee Exemption Plan issues ("EEP")	22/12/2009	$1.39	(c)	1.0	1.4
Equity raising	13/04/2010	$1.26	(f)	250.0	313.9
Equity raising	14/05/2010	$1.26	(f)	18.4	23.1
Less: Transaction costs arising on issues of units				-	(10.9)
LTI & EIS units converted, sold or forfeited	various			5.6	15.9
Balance 30 June 2010				**3,254.8**	4,905.9

	Issue date	Issue price	Note	Consolidated units m	Consolidated units $m
Balance 1 July 2008				1,084.4	2,880.1
DRP issues	25/07/2008	$2.15	(d)	34.3	74.0
Employee Exemption Plan issues	17/10/2008	$1.70	(c)	1.0	1.6
DRP issues	24/10/2008	$2.21	(d)	4.7	10.3
Equity raising	20/11/2008	$0.78	(f)	471.2	365.6
Equity raising	5/12/2008	$0.78	(f)	84.5	65.6
DRP issues	30/01/2009	$1.11	(d)	8.7	9.7
Equity raising	24/06/2009	$0.86	(f)	943.7	813.7
Equity raising	30/06/2009	$0.86	(f)	156.3	134.7
Less: Transaction costs arising on issues of units				-	(36.4)
EIS units converted, sold or forfeited	various			0.9	4.1
Balance 30 June 2009				2,789.7	4,323.0

Ordinary units

All ordinary units are fully paid at 30 June 2010. Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the consolidated entity in proportion to the number of and amount paid on the units held.

On a show of hands every holder of ordinary units present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

(c) LTI and EIS issues

(i) Current LTI Plan

As at 30 June 2010, 22.2m (2009: 9.9m) performance rights and 8.0m (2009: 10.5m) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. 1.3m performance rights vested during the year to 30 June 2010 (2009: Nil).

(ii) EEP

As at 30 June 2010, 2.6m (2009: 1.6m) stapled units have been issued to employees under the EEP.

21. Contributed equity (continued)

(c) LTI and EIS issues (continued)

(iii) Superseded LTI and EIS Plans

No units were issued to employees of Mirvac Limited and its controlled entities under the superseded EIS or LTI plan (2009: Nil ordinary stapled units). The total of stapled units issued to employees under the superseded LTI and EIS at 30 June 2010 is 11.5m (2009: 15.7m). The market price per ordinary stapled unit at 30 June 2010 was $1.32 (2009: $1.08). Units issued as part of the superseded EIS and LTI plans are not classified as ordinary units, until such time as the vesting conditions are satisfied, employee loans are fully repaid or the employee leaves Mirvac.

(d) DRP

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

(e) Acquisition of MREIT

As part of the acquisition of MREIT, the Group issued 190.1m securities at $1.41 per security, to the unitholders of MREIT who opted to receive a scrip component.

(f) Equity raising

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

(g) Reconciliation of units issued on ASX

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

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

	2010 Units millions	2009 Units millions
Total ordinary units disclosed	**3,254.8**	2,789.7
Units issued under LTI plan and EIS	**11.5**	15.7
Subscribed for but not issued at 30 June[1]	**-**	(156.3)
Total units issued on ASX	**3,266.3**	2,649.1

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

(h) Capital risk management

Refer to note 32 for the consolidated entity's capital risk management.

22. Reserves

	Consolidated 2010 $m	Consolidated 2009 $m
(a) Reserves		
Asset revaluation reserve	**6.8**	-
Capital reserve	**(1.4)**	-
Foreign currency translation reserve	**1.8**	0.9
	7.2	0.9

(b) Movements in reserves:

	2010 $m	2009 $m
Asset revaluation reserve		
Balance 1 July	**-**	-
Discount on acquisition of MREIT attributable to NCI	**6.8**	-
Balance 30 June	**6.8**	-
Capital reserve		
Balance 1 July	**-**	-
Movement in reserve as a result of acquisition of MREIT	**(1.4)**	-
Balance 30 June	**(1.4)**	-
Foreign currency translation reserve		
Balance 1 July	**0.9**	-
Increase in reserve due to translation of foreign controlled entity	**0.9**	0.9
Balance 30 June	**1.8**	0.9

(c) Nature and purpose of reserves

Asset revaluation reserve
The asset revaluation reserve represents the discount apportioned on acquisition of NCI resulting from acquisition of MREIT (refer to note 35 (e)).

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

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

23. Retained earnings

	Consolidated	
	2010	2009
	$m	$m
Balance 1 July	**(6.5)**	642.8
Net profit/(loss) attributable to the stapled unitholders of the Mirvac Property Trust	**374.5**	(541.6)
Distributions provided for or paid	**(241.3)**	(107.7)
Balance 30 June	**126.7**	(6.5)

24. Non-controlling interest

	Consolidated	
	2010	2009
	$m	$m
Interest in:		
Contributed equity	**-**	51.8
Retained earnings	**-**	3.1
	-	54.9

The NCI was consolidated during the period due to the acquisition of MREIT. Refer to note 35(e).

25. Distributions

	Consolidated	
	2010	**2009**
Ordinary stapled units	**$m**	$m
Quarterly ordinary distributions paid as follows:		
2.000 cents per stapled unit paid on 30 October 2009	**56.1**	
5.000 cents per stapled unit paid on 24 October 2008		56.8
2.000 cents per stapled unit paid on 29 January 2010	**59.9**	
2.800 cents per stapled unit paid on 30 January 2009		47.5
2.000 cents per stapled unit paid on 30 April 2010	**60.0**	
2.000 cents per stapled unit paid on 30 July 2010	**65.3**	
0.200 cents per stapled unit paid on 31 July 2009		3.4
Total distribution 8.000 cents per stapled unit (2009: 8.000 cents per stapled unit)	**241.3**	107.7

DRP

Distributions actually paid or satisfied by the issue of stapled units under the DRP were as follows:

	2010	**2009**
	$m	$m
Paid in cash	**179.4**	137.4
Satisfied by the issue of stapled units	**-**	57.4
	179.4	194.8

26. Investments in associates

(a) Associates accounted for using the equity method

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

		Interest[3]		Consolidated	
		2010	2009	**2010**	2009
Name of entity	**Principal activities**	**%**	%	**$m**	$m
MREIT[1]	Listed property investment trust	**100**	25	**-**	64.5
Mirvac Industrial Trust[2]	Listed property investment trust	**14**	14	**-**	-
Tucker Box Hotel Group	Hotel investment	**49**	1	**97.1**	1.4
Mirvac Wholesale Hotel Fund	Hotel investment	**49**	42	**109.9**	100.3
				207.0	166.2

1 The remaining 75% of the units in this investment were purchased on 7 December 2009, and is now a controlled entity of the consolidated entity.
2 The consolidated entity equity accounts for this investment as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that the responsible entity is Mirvac Funds Management Limited, a related party of the responsible entity.
3 Each of the above associates is incorporated in Australia.

	Consolidated	
	2010	2009
	$m	$m
Movements in carrying amounts		
Balance 1 July	**166.2**	281.9
Transfers to investments in controlled entities	**(292.2)**	-
New investment	**340.2**	3.0
Equity sold	**(1.5)**	-
Impairment of investment	**-**	(9.2)
Distributions received	**(11.1)**	(15.7)
Share of profit/(loss) from operating activities	**5.4**	(93.8)
Balance 30 June	**207.0**	166.2
Associate entities - aggregate share of associates assets and liabilities		
Current assets	**19.6**	100.1
Non-current assets	**480.3**	2,411.1
Total assets	**499.9**	2,511.2
Current liabilities	**131.7**	83.1
Non-current liabilities	**132.8**	1,315.0
Total liabilities	**264.5**	1,398.1
Net assets	**235.4**	1,113.1
Aggregate share of associates revenues, expenses and results		
Revenues	**83.3**	238.4
Expenses	**81.9**	720.3
Profit/(loss) before income tax	**1.4**	(481.9)
Share of associates expenditure commitments		
Capital commitments	**-**	52.3
Fair value of listed investments in associates		
MREIT	-	47.1
Mirvac Industrial Trust	**1.9**	4.0

27. Investments in joint ventures

(a) Joint venture entities

Joint venture entities are equity accounted and are included in investments in Joint Ventures – refer note 12.

Name of entity	Principal activities	Interest[3]		Consolidated	
		2010	2009	**2010**	2009
		%	%	**$m**	$m
197 Salmon Street Trust[1]	Property investment	**-**	50	**-**	45.8
Mirvac 8 Chifley Trust[2]	Property investment	**-**	50	**-**	9.6
Old Wallgrove Road Trust[1]	Property investment	**-**	50	**-**	3.6
				-	59.0

1 Ownership in these entities increased to 100% during the financial half year as a result of the MREIT acquisition and therefore consolidated as controlled entities from effective date of control.

2 Ownership in this entity increased to 100% during the financial half year and is therefore consolidated as a controlled entity from effective date of control. This entity was previously Mirvac AustralianSuper Trust and its name was changed on 27 Oct 09.

3 Each of the above joint venture entities is incorporated in Australia.

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

	Consolidated	
	2010	2009
	$m	$m
Movement in carrying amount of investment in entities		
Balance 1 July	**58.9**	83.3
Transfers to investments in controlled entities	**(49.3)**	-
New capital contributions	**-**	6.2
New investment	**(4.2)**	-
Distributions received/contributions repaid	**(1.5)**	(4.1)
Share of loss from operating activities	**(3.9)**	(26.4)
Balance 30 June	**-**	59.0
Joint venture entities – aggregate share of joint ventures' assets and liabilities		
Current assets	**-**	3.5
Non-current assets	**-**	141.5
Total assets	**-**	145.0
Current liabilities	**-**	3.1
Non-current liabilities	**-**	22.0
Total liabilities	**-**	25.1
Net assets	**-**	119.9
Aggregate share of joint ventures' revenues, expenses and results		
Revenues	**-**	8.3
Expenses	**-**	61.4
Loss before income tax	**-**	(53.1)

28. Contingent liabilities

	Consolidated	
	2010	2009
	$m	$m
Contingent liabilities in respect of certain performance guarantees granted in the normal course of business	**-**	11.1

29. Commitments

Capital commitments

	Consolidated	
	2010	2009
	$m	$m
Investment properties		
Not later than one year	**29.8**	16.8
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	29.8	16.8

30. Key management personnel

(a) Determination of KMP

In previous years the KMP's were determined to be member of the Executive Committee who were also business units head and had delegated authority from the Board. During 2009, the Board approved the creation of the Executive Leadership Team ("ELT"). For the year ended 30 June 2010 the ELT consisted of the Managing Director, the Chief Financial Officer, the Chief Operating Officer, the Chief Executive Officer - Development and the Chief Executive Officer – Investment (effective 1 July 2010). In addition, the Board also approved the transfer of the authority limits held by the Executive Committee to the ELT.

(b) KMP compensation

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

(c) Equity instrument disclosures relating to key management personnel

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

30. Key management personnel (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

(i) Unitholdings (continued)

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

2009				
Directors				
James MacKenzie	55,978	-	63,222	119,200
Nicholas Collishaw	1,461,255	505	565,676	2,027,436
Paul Biancardi	8,041	-	95,238	103,279
Adrian Fini	8,816,781	505	(125,110)	8,692,176
Peter Hawkins	18,684	-	423,863	442,547
Penny Morris	42,841	-	166,153	208,994
Richard Turner	69,241	-	161,704	230,945
KMP				
Evan Campbell	85,543	505	103,617	189,665
John Carfi	90,472	505	37,936	128,913
Greg Collins	164,764	505	76,290	241,559
Brett Draffen	136,730	505	243,037	380,272
Gary Flowers	-	-	-	-
Christopher Freeman	320,219	505	-	320,724
Grant Hodgetts	95,892	505	43,043	139,440
Justin Mitchell	115,684	505	48,448	164,637
Andrew Turner	390,301	505	162,964	553,770
Mathew Wallace	103,291	505	50,000	153,796

30. Key management personnel (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

(ii) Options

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

2010	**Balance 1 July**	**Options issued under LTP**	**Other changes**	**Balance 30 June**	**Unvested**
Director					
Nicholas Collishaw	2,336,340	-	-	**2,336,340**	2,336,340
KMP					
John Carfi	368,600	-	-	**368,600**	368,600
Brett Draffen	796,780	-	-	**796,780**	796,780
Gary Flowers	192,300	-	-	**192,300**	192,300
Christopher Freeman	-	-	-	**-**	-
Grant Hodgetts	587,030	-	(319,610)	**267,420**	267,420
Justin Mitchell	471,050	-	-	**471,050**	471,050

2009					
Directors					
Nicholas Collishaw	413,240	1,923,100	-	2,336,340	2,336,340
Adrian Fini	413,240	-	(137,609)	275,631	275,631
KMP					
Evan Campbell	225,990	416,700	-	642,690	642,690
John Carfi	-	368,600	-	368,600	368,600
Greg Collins	225,990	416,700	-	642,690	642,690
Brett Draffen	258,280	538,500	-	796,780	796,780
Gary Flowers	-	192,300	-	192,300	192,300
Grant Hodgetts	215,230	371,800	-	587,030	587,030
Justin Mitchell	137,750	333,300	-	471,050	471,050
Andrew Turner	204,470	304,500	-	508,970	508,970
Matthew Wallace	-	336,500	-	336,500	336,500

(iii) Performance rights

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

2010	**Balance 1 July**	**Rights issued under LTP**	**Other changes**	**Balance 30 June**
Director				
Nicholas Collishaw	985,960	2,213,600	-	**3,199,560**
KMP				
John Carfi	193,970	295,700	-	**489,670**
Brett Draffen	316,230	589,900	-	**906,130**
Gary Flowers	87,000	264,800	-	**351,800**
Christopher Freeman	1,304,300	-	(1,304,300)	**-**
Grant Hodgetts	228,710	-	(132,270)	**96,440**
Justin Mitchell	189,490	275,000	-	**464,490**

30. Key management personnel (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

(iii) Performance rights (continued)

2009	Balance 1 July	Rights issued under LTP	Other changes	Balance 30 June
Directors				
Nicholas Collishaw	116,360	869,600	-	985,960
Adrian Fini	116,360	-	(38,748)	77,612
KMP				
Evan Campbell	63,640	188,400	-	252,040
John Carfi	27,270	166,700	-	193,970
Greg Collins	63,640	188,400	-	252,040
Brett Draffen	72,730	243,500	-	316,230
Gary Flowers	-	87,000	-	87,000
Christopher Freeman	-	1,304,300	-	1,304,000
Grant Hodgetts	60,610	168,100	-	228,710
Justin Mitchell	38,790	150,700	-	189,490
Andrew Turner	57,580	137,700	-	195,280
Matthew Wallace	25,450	152,200	-	177,650

(d) Loans to Directors and KMP

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

(e) Other transactions with Directors and KMP

There are a number of transactions between Directors and KMP with the Group. The terms and conditions of these transactions are considered to be no more favourable than on similar transactions on an arms length basis.

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

31. Related parties

(a) The responsible entity

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

(b) KMP

Disclosures relating to key management personnel are set out in note 30.

(c) Responsible entity's fee

As outlined in the Explanatory Memorandum dated 4 May 1999, as part of the merger of Mirvac, Mirvac Funds Limited reduced its Responsible Entity fees to a recovery of cost basis. Fees charged by Mirvac Funds Limited for the year to 30 June 2010 were $3.6m (2009: $2.9m) in accordance with the terms contained in the merger proposal in 1999.

(d) Controlled entities

Interests in controlled entities are set out in note 14.

31. Related parties (continued)

(e) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2010 $m	2009 $m
Revenue from continuing operations and other income		
Investment properties rental revenue from entities related to responsible entity	**12.0**	18.8
Interest received from entities related to responsible entity	**56.2**	67.5
Expenses		
Interest paid to entity related to responsible entity	**0.7**	1.5
Property management fee expense	**10.1**	7.8
Capital expenditure to entities related to responsible entity	**33.2**	104.9

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

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

	Consolidated 2010 $m	2009 $m
Current receivables		
Loans to entities related to responsible entity	**700.0**	700.0
Amounts due from related entity[1]	**-**	94.9
	700.0	794.9
Current payables		
Amounts owing to entities related to the responsible entity	**65.8**	64.4
	65.8	64.4
Non-current payables		
Loan to related entity[2]	**26.5**	29.1

1 No provisions for impairment of receivables have been raised in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.
2 Included in syndicated bank loans (refer note 19).

(g) Terms and conditions

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

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

32. Financial risk management

The consolidated entity's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings. Derivatives are exclusively used for hedging purposes and are not held for trading or speculative purposes.

32. Financial risk management (continued)

Financial risk management is carried out by a central treasury department (Mirvac Group Treasury) under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close co-operation with the consolidated entity's operating units in accordance with Board policy.

The consolidated entity hold the following financial instruments:

		Consolidated	
		2010	2009
	Note	**$m**	$m
Financial assets			
Cash and cash equivalents	34(a)	**345.9**	687.4
Receivables	8	**730.1**	860.1
Other financial assets at fair value through profit or loss	9	**18.0**	20.6
Derivative financial assets	13	**6.4**	10.3
		1,100.4	1,578.4
Financial liabilities			
Payables	18	**116.7**	87.4
Borrowings	19	**394.2**	748.7
Derivative financial liabilities	13	**16.2**	10.9
		527.1	847.0

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

(a) Market risk

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

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

- Borrowings denominated in currencies other than Australian Dollars which are predominately US Dollars
- Investments in offshore operations which are located in the United States
- Receipts and payments which are denominated in other currencies

The consolidated entity manages its foreign exchange risk for its assets and liabilities denominated in other currencies by borrowing in the same currency as that in which the offshore business operates to form a natural hedge against the movement in exchange rates.

Translation gains or losses of net investment in foreign operations are recorded through the foreign currency translation reserve.

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

(ii) Interest rate risk
The consolidated entity's interest rate risk arises from long-term borrowings, cash, receivables and derivatives.

Borrowings
Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The consolidated entity's policy is to have a minimum of 50 per cent and a target of 60 per cent of borrowings subject to fixed or capped interest rates. At the end of the reporting period, the consolidated entity's hedging exceeded the target range due to the partial proceeds from capital raising in April 2010 used to repay borrowings. The hedging position is expected to return to the target range following the acquisition of the WOT post the reporting period, refer to note 36.

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Borrowings (continued)

The consolidated entity manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates. Under the interest rate derivatives, the consolidated entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

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

		Fixed interest maturing in:						
2010	**Floating interest rate $m**	**1 year or less $m**	**Over 1 to 2 years $m**	**Over 2 to 3 years $m**	**Over 3 to 4 years $m**	**Over 4 to 5 years $m**	**Over 5 years $m**	**Total $m**
Syndicated bank loans	44.2	-	-	-	-	-		44.2
Domestic medium term notes	100.0	100.0	-	-	-	150.0	-	350.0
Interest rate derivatives[1]	(200.0)	(50.0)	-		-	(150.0)	400.0	-
Total	**(55.8)**	**50.0**	**-**	**-**	**-**	**-**	**400.0**	**394.2**

		Fixed interest maturing in:						
2009	Floating interest rate $m	1 year or less $m	Over 1 to 2 years $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Total $m
Syndicated bank loans	248.7	-	-	-	-	-	-	248.7
Domestic medium term notes	265.0	135.0	100.0	-	-	-	-	500.0
Interest rate derivatives[1]	(215.0)	(135.0)	(50.0)		-	-	400.0	-
Total	298.7	-	50.0	-	-	-	400.0	748.7

1 Notional principal amounts

Derivative instruments used by the consolidated entity

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

The consolidated entity enters into a variety of bought and/or sold option agreements which allow rates to float between certain ranges and agreements which allow the bank to cancel options if certain conditions arise, the benefit of which is lower fixed rates. The rates will revert to no worse than the floating rate payable as if no derivative was entered into. These derivatives are recorded on the statement of financial position at fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Derivatives currently in place cover approximately 114 per cent (2009: 60 per cent) of the loan principal outstanding. The fixed interest rates range between 5.67 per cent and 6.03 per cent (2009: 5.67 per cent and 6.03 per cent).

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Borrowings (continued)

At 30 June 2010, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts held by the consolidated entity were as follows:

	Floating to fixed				Fixed to floating			
	2010	**2010**	2009	2009	**2010**	**2010**	2009	2009
	Interest rates%	**$m**	Interest rates%	$m	**Interest rates%**	**$m**	Interest rates%	$m
Less than 1 year	**5.95**	**50.0**	-	-	**6.75**	**100.0**	7.00	135.0
1 – 2 year(s)	**-**	**-**	5.95	50.0	**-**	**-**	6.75	100.0
2 – 3 years	**-**	**-**	-	-	**-**	**-**	-	-
3 – 4 years	**-**	**-**	-	-	**-**	**-**	-	-
4 – 5 years	**-**	**-**	-	-	**8.25**	**150.0**	-	-
Greater than 5 years	**5.67- 6.03**	**400.0**	5.67- 6.03	400.0	**-**	**-**	-	-
		450.0		450.0		**250.0**		235.0

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

Cash and cash equivalents

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

Receivables

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

		Fixed interest maturing in:							
2010	**Floating interest rate $m**	**1 year or less $m**	**Over 1 to 2 years $m**	**Over 2 to 3 years $m**	**Over 3 to 4 years $m**	**Over 4 to 5 years $m**	**Over 5 years $m**	**Non interest bearing $m**	**Total $m**
Trade receivables	-	-	-	-	-	-	-	0.4	0.4
Related party receivables	700.0	-	-	-	-	-	-	-	700.0
Other receivables	-	-	4.8	2.7	2.9	2.5	-	16.8	29.7
Total	700.0	-	4.8	2.7	2.9	2.5	-	17.2	730.1

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Receivables (continued)

		Fixed interest maturing in:							
2009	Floating interest rate $m	1 year or less $m	Over 1 to 2 years $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Non interest bearing $m	Total $m
Trade receivables	-	-	-	-	-	-	-	-	-
Related party receivables	700.0	-	-	-	-	-	-	94.9	794.9
Other receivables	-	-	-	-	-	-	-	65.2	65.2
Total	700.0	-	-	-	-	-	-	160.1	860.1

Sensitivity analysis

The consolidated entity's interest rate risk exposure arises from long term borrowings, cash held in financial institutions and receivables. Based upon a 50 (2009: 100) basis point increase or decrease in interest rates, the impact on profit after tax has been calculated taking into account all underlying exposures and related derivatives. This sensitivity has been selected as this is considered reasonable given the current level of both short term and long term interest rates.

The impact on the consolidated entity's result of a 50 (2009: 100) basis point increase in interest rates would be an increase in profit of $6.9m (2009: increase of $14.1m). The impact on the consolidated entity's result of a 50 (2009: 100) basis point decrease in interest rates would be a decrease in profit of $7.1m (2009: decrease of $16.3m).

The interest rate sensitivities of the consolidated entity vary on an increase/decrease 100 basis point movement due to the interest rate optionality of a small number of derivatives.

(iii) Price risk
The consolidated entity is exposed to equity price risk arising from investments in equity investments (refer to note 9). The equity investments are held for the purpose of selling in the near term.

As these investments are not listed, the fund manager provides a unit price each six months. At the end of the reporting period, if the unit prices had been five per cent higher or lower, the effect on net profit for the year would have been $0.9m (2009: $1.0m).

These investments represent less than one per cent of the consolidated entity's net assets and therefore represents minimal risk to the consolidated entity.

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will cause a financial loss. The consolidated entity has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets, the maximum exposure to credit risk is based on the total value of the consolidated entity financial assets, net of any provisions for impairment, refer to note 8.

To help manage this risk the consolidated entity has a policy for establishing credit limits for the entities dealt with which is based on the size or previous trading experience of the entity. Based upon the size or previous trading experience, the consolidated entity may require collateral, such as bank guarantees, lease or security deposits in relation to the investment property. The consolidated entity may also be subject to credit risk for transactions which are not included in the statement of financial position, such as when the consolidated entity provides a guarantee for another party. Details of the consolidated entity's contingent liabilities are disclosed in note 28.

The credit risk arising from derivatives transactions and cash held in financial institutions exposes the consolidated entity if the contracting entity is unable complete it obligations under the contracts. The consolidated entity's policy is to spread the amount of net credit exposure among major financial institutions which are rated the equivalent A or above from the major rating agencies.

32. Financial risk management (continued)

(b) Credit risk (continued)

The consolidated entity's net exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties.

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

(c) Liquidity risk

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

The consolidated entity has minimal liquidity risk due to there being only $217.7m of current borrowings (which expire on September 2010 and June 2011) and undrawn facilities of $2,073m. It is expected that these expiring facilities will be paid out of cash balances held. In addition in the second half of the year the consolidated entity completed an equity placement (refer to note 21(f)).

(d) Capital risk

The consolidated entity's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders, and to maintain an optimal capital structure including maintaining an investment grade credit rating of BBB to reduce the cost of capital having regard to the real estate activities the group invests in.

The capital structure of the consolidated entity consists of debt and equity and is managed in accordance with the capital structure of Mirvac. The mix of debt and equity is measured by reference to the Mirvac's target gearing ratio of 20 to 25 per cent. At 30 June 2010 the gearing ratio (net debt including cross currency swaps to total assets less cash) was 18.1 per cent (2009: 19.3 per cent). At 30 June 2010 the gearing ratio for the consolidated entity was 0.9 per cent (2009: 1.4 per cent). In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of distributions paid to stapled unitholders, return capital to unitholders or issue new stapled units.

Mirvac prepares quarterly statement of financial position, statement of comprehensive income and cashflow updates for the current financial year and 5 year forecasts. These forecasts are used to monitor Mirvac's capital structure and future capital requirements, taking into account future market conditions.

Mirvac has complied with borrowing covenant ratios as at 30 June 2010.

(e) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. As of 1 July 2009, the consolidated entity has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

32. Financial risk management (continued)

(e) Fair value measurement (continued)

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level one $m	Level two $m	Level three $m	Total $m
Assets				
Financial assets at fair value through profit and loss				
- unlisted units	-	-	18.0	18.0
Derivatives used for hedging	-	6.4	-	6.4
	-	6.4	18.0	24.4
Liabilities				
Derivatives used for hedging	-	16.2	-	16.2
	-	16.2	-	16.2

The following tables present the changes in level three instruments for the year ended 30 June 2010 held by the consolidated entity:

	Financial assets at fair value through profit and loss $m
Balance 1 July 2009	20.6
Distribution reinvested	0.2
Losses recognised in profit or loss	(2.8)
Balance 30 June 2010	18.0
Total losses for the period included in loss on financial instruments that relate to assets	(2.8)

The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated DCF, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level two and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level three.

32. Financial risk management (continued)

(e) Fair value measurement (continued)

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

	Maturing in:						
2010	**1 year or less $m**	**Over 1 to 2 years $m**	**Over 2 to 3 years $m**	**Over 3 to 4 years $m**	**Over 4 to 5 years $m**	**Over 5 years $m**	**Total $m**
Non-interest bearing							
Payables	116.7	-	-	-	-	-	116.7
Interest bearing							
Syndicated bank loans	18.0	0.3	0.5	0.7	0.9	28.8	49.2
Medium term notes	215.3	12.4	12.4	12.4	162.4	-	414.9
Derivatives							
Net settled (interest rate swaps)	5.0	4.0	4.1	2.9	1.8	0.8	18.6
Fixed to floating swaps	(4.9)	(4.9)	(4.7)	(4.3)	(3.9)	-	(22.7)
Total	**350.1**	**11.8**	**12.3**	**11.7**	**161.2**	**29.6**	**576.7**

	Maturing in:						
2009	1 year or less $m	Over 1 to 2 years $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Total $m
Non-interest bearing							
Payables	87.4	-	-	-	-	-	87.4
Interest bearing							
Syndicated bank loans	7.2	30.3	206.9	1.2	1.3	33.5	280.4
Medium term notes	323.7	204.4	-	-	-	-	528.1
Derivatives							
Net settled (interest rate swaps)	11.4	5.1	(1.0)	(2.8)	(2.1)	(4.4)	6.2
Fixed to floating swaps	(9.5)	(2.3)	-	-	-	-	(11.8)
Total	420.2	237.5	205.9	(1.6)	(0.8)	29.1	890.3

33. Remuneration of auditors

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

	Consolidated	
	2010	2009
	$'000	$'000
(a) Assurance services		
Audit services		
Audit and review of financial reports		
Australian firm	**555**	330
Total remuneration for audit services	**555**	330
Other assurance and advisory services - Australian firm		
Australian firm		
Compliance services and regulatory returns	**-**	21
Audit of property outgoings statement	**136**	175
Financial due diligence and transactions	**791**	-
	927	196
Related practices of PricewaterhouseCoopers Australia		
Financial due diligence and transactions	-	-
	-	-
Total remuneration for other assurance and advisory services	**927**	196
Total remuneration for audit, assurance and advisory services	**1,482**	526
(b) Taxation services		
Tax compliance services		
Australian firm	22	9
Related practices of PricewaterhouseCoopers Australia	-	-
Total remuneration for taxation services	**22**	9

34. Note to the cash flow statements

	Consolidated 2010 $m	Consolidated 2009 $m
a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is the same as statement of financial position, the detail of which follows:		
- Cash at bank and on hand	**45.5**	7.4
- Deposits at call	**300.4**	680.0
Cash and cash equivalents	**345.9**	687.4
b) Reconciliation of profit after tax to net cash inflow from operating activities		
Profit/(loss) after tax	**375.9**	(541.7)
Net (gain)/loss from fair value of investment properties	**(13.3)**	504.7
Net loss from fair value of investment properties under construction	**48.9**	-
Amortisation	**14.3**	12.3
Non cash rent free incentive and straight line adjustments	**(4.8)**	(6.1)
Impairment of property, plant and equipment	**-**	3.6
Impairment of investments including associates and joint ventures	**-**	9.2
Impairment of other financial assets fair value through profit or loss	**-**	3.6
Loss on fair value of other financial instruments	**2.8**	1.4
Loss on fair value of interest rate derivatives	**8.1**	108.9
Discount of business combination	**(119.8)**	-
Net gain on remeasurement of equity interest	**(25.3)**	-
Business combination transaction costs	**19.4**	-
Net gain from sale of assets	**(0.5)**	-
Deferred tax expense	**-**	(0.2)
Share of net loss/(profit) of associates and joint ventures not received as distributions	**(1.5)**	120.3
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
Decrease in receivables	**3.9**	19.7
Decrease in other assets	**23.4**	18.3
Decrease in creditors	**(3.0)**	(21.2)
Net cash inflows from operating activities	**328.5**	232.8

35. Acquisition of businesses

Acquisition of MREIT

(a) Summary of acquisition

On 7 December 2009, the consolidated entity acquired 75.4% of the issued units of MREIT. MREIT was a diversified real estate investment trust, listed on the ASX. At the date of acquisition the consolidated entity already held 24.6% of the issued units of MREIT. As part of the acquisition of MREIT, the consolidated entity acquired the remaining additional 33.3% of the issued units of the Springfield Regional Shopping Centre Trust which is a transaction with a NCI.

35. Acquisition of businesses (continued)

(a) Summary of acquisition (continued)

Details of the preliminary net assets acquired are as follows:

Purchase consideration:	Note	$m
Cash paid	35(b)	59.4
Securities issued	35(c)[1]	149.2
Fair value of previously held interest	35(d)	91.9
Total purchase consideration excluding consideration allocated to NCI		**300.5**

1 Securities issued relate to Mirvac Group.

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

	Fair value $m
Cash	55.2
Trade receivables	4.1
Other financial assets	30.4
Investments accounted for using the equity method	148.4
Investment properties	690.7
Payables	(32.0)
Borrowings	(452.5)
Derivative financial liabilities	(17.7)
Provision for distribution	(6.3)
Net identifiable assets acquired	420.3
Less: Discount on acquisition	(119.8)
Net assets acquired[1]	**300.5**

1 Net assets acquired of $300.5m is the total purchase consideration for the net assets acquired excluding NCI.

The discount on acquisition of MREIT is attributable to MREIT's circumstances at acquisition, including short term debt maturities, potential covenant breaches and capital constraints which would be likely to adversely impact the value realisable by MREIT unitholders on a stand alone basis.

The discount has been recognised in profit or loss, under the other income heading.

Revenue and profit contribution
The acquired business contributed revenues of $61.1m and net profit of $53.7m to the consolidated entity for the period from 7 December to 30 June 2010. If the acquisition had occurred on 1 July 2009, the consolidated revenue and consolidated profit for the consolidated entity for the year ended 30 June 2010 would have been $508.9m and $326.4m respectively. These amounts have been calculated using the consolidated entity's accounting policies and by adjusting the results of the controlled entity to reflect the additional amortisation of lease incentives in respect of investment properties that would have been charged assuming the fair value adjustments to investment properties.

35. Acquisition of businesses (continued)

Revenue and profit contribution (continued)

(b) Purchase consideration - cash outflow

	Consolidated	
	2010	2009
	$m	$m
Outflow of cash to acquire controlled entity, net of cash acquired		
Cash consideration	**(59.4)**	-
Less: balance acquired	**55.2**	-
	(4.2)	-
Direct costs relating to acquisition	**(15.2)**	-
Outflow of cash - investing activities	**(19.4)**	-
Acquisition of additional ownership interest in controlled entity	**(13.7)**	-
Outflow of cash - financing activities	**(13.7)**	-
Total outflow of cash to acquire controlled entity and NCI	**(33.1)**	-

Acquisition related costs
The total business combination transaction costs for the full year were $19.4m. Costs relating to the acquisition of MREIT totalled $18.3m, (including the post acquisition write off of $4.2m for prepaid borrowing costs on extinguishing MREIT's debt) and other business acquisitions are $1.1m. These costs were included in other expenses in the consolidated statement of comprehensive income and in investing cash flows in the consolidated statement of cash flow.

(c) Units issued

As part of the acquisition the Mirvac Group issued 190.1m securities, the fair value of which was determined to be the market value of $1.405 per security being the market value of the securities as at acquisition date. The total fair value was $267.1m. Of the total securities issued, $83.5m were in relation to the previously held (24.6%) interests, and $34.4m was attributed to the acquisition of the NCI, accordingly the net amount of securities issued was $149.2m.

(d) Fair value of previously held interest

Prior to the acquisition, the consolidated entity held 24.6% of the units of MREIT. The table below sets out the fair value of these units.

	$m
Carrying value of units prior to the acquisition	66.6
Net gain on remeasurement of equity interest	25.3
Fair value of units held at the time of acquisition	**91.9**

The total net gain on remeasurement of equity interest for the year was $25.3m, arising from the acquisition of MREIT and $0.04m from other acquisitions.

(e) Transactions with NCI

As part of the acquisition of MREIT, the consolidated entity acquired the remaining additional 33.3% of the issued units of the Springfield Regional Shopping Centre Trust, for a purchase consideration of $48.1m. The consideration consisted of $13.7m in cash and $34.4m in units issued by the consolidated entity.

35. Acquisition of businesses (continued)

(e) Transactions with NCI (continued)

The carrying amount of the NCI in Springfield Regional Shopping Centre Trust on the date of acquisition was $54.9m. The consolidated entity recognised a decrease in NCI of $54.9m and an increase in equity of $6.8m.

The effect of changes in the ownership interest of Springfield Regional Shopping Centre Trust on the equity attributable to the owners of the consolidated entity during the year is summarised as follows:

	$m
Carrying amount of NCI acquired	54.9
Consideration paid for NCI	(48.1)
Discount on acquisition recognised in a separate reserve within equity	**6.8**

The total amount recognised in a separate reserve in equity is $7.6m, being $6.8m relating to the discount on acquisition of the NCI and $0.9m being the difference in the carrying value of the Springfield Regional Shopping Centre held by MREIT compared to the consolidated entity.

The consideration paid for the NCI is less than the fair value as a result of the discount attributed on the acquisition of MREIT (refer to note 35(a)).

36. Events occurring after the end of the reporting date

(a) Acquisition of Westpac Office Trust (WOT)

(i) Summary of acquisition

On 4 August 2010 the Trust acquired 100.0% of the issued securities in WOT, a listed real estate investment trust, for consideration of approximately $404.1m. The acquisition is expected to increase the Trust's market share and reduce costs through economies of scale. The financial effects of this transaction have not been brought to account at 30 June 2010. The information provided below represents amounts disclosed in the 30 June 2010 financial statements of WOT, lodged with ASIC on 3 August 2010. Due to the timing of this acquisition, the exercise to identify the fair value of the assets and liabilities attained on acquisition date has not been finalised, and therefore the initial accounting for the business combination remains incomplete.

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

Purchase consideration:	Note	$m
Cash paid	36(a)(iii)	200.0
Securities issued	36(a)(v)	204.1
Total purchase consideration		**404.1**

The fair value of assets and liabilities recognised as a result of the WOT acquisition as at 30 June 2010 are as follows:

	$m
Cash	17.4
Trade receivables	2.6
Other financial assets	22.2
Investment properties	1,107.8
Payables	(6.4)
Borrowings	(721.9)
Derivative financial liabilities	(20.1)
Provision for distribution	(8.0)
Net identifiable assets acquired	393.6
Goodwill[1]	10.5
Net assets acquired	**404.1**

1 The goodwill on the acquisition will not be finalised until the acquisition accounting has been completed. This amount is based on the fair value of assets disclosed in the WOT 30 June 2010 financial statements.

36. Events occurring after the end of the reporting date (continued)

(a) Acquisition of WOT (continued)

The goodwill is attributable to WOT's quality investment portfolio which comprises properties that are predominantly leased to high quality tenants on long term leases with structured rental increases. strong position and profitability in the AREIT sector and quality of properties held. None of the goodwill is expected to be deductible for tax purposes.

As noted previously an exercise to ascertain the fair value of WOT assets, liabilities and contingent liabilities to calculate the resultant goodwill may result in an adjustment to goodwill on acquisition.

(ii) Contingent consideration
There is no contingent consideration as part of this transaction.

(iii) Purchase consideration - cash outflow acquisition

	Consolidated	
	2010	2009
	$m	$m
Outflow of cash to acquire WOT, net of cash acquired		
Cash consideration	(200.0)	-
Less: balance acquired[1]	17.4	-
	(182.6)	-
Direct costs relating to acquisition	(25.1)	-
Outflow of cash – investing activities	(207.7)	-
Total outflow of cash to acquire WOT	**(207.7)**	**-**

1 Cash balance acquired as per the WOT accounts as at 30 June 2010.

(iv) Acquisition related costs
Acquisition related costs of $25.1m are expected to be incurred relating directly to the acquisition. A further $15.0m was paid by an entity related to the responsible entity for Westpac giving up its opportunity to earn future management fees. These amounts are based on the information contained in the Explanatory Memorandum (EM) lodged with ASIC on 16 June 2010, and may be materially different to what has been assumed.

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

(vi) Acquisition of remaining interest in North Ryde Office Trust (NROT)
The Trust acquired the remaining 50 per cent interest in NROT, for a purchase consideration of $22.5m. NROT owns the Westpac Data Centre at 50-60 Talavera and Khartoum Roads at Macquarie Park, NSW. The Trust acquired the other 50 per cent interest in NROT through its acquisition of WOT. As a result, the Trust now holds all of the units in NROT.

(vii) Information not disclosed as not yet available
At the date the financial statements were authorised for issue, the Trust has not had sufficient time to complete the accounting for the acquisition of WOT. In particular, the fair values of the assets and liabilities disclosed above have not been determined. It is also not yet possible to provide detailed information including each class of acquired receivables, any contingent liabilities of the acquired entity and transaction costs.

(b) Other events

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

37. Parent entity financial information

(a) Summary of financial information

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

Statement of financial position	**2010 $m**	2009 $m
Current assets	**1,072.1**	1,583.0
Total assets	**5,682.8**	5,150.7
Current liabilities	**459.3**	380.3
Total liabilities	**643.2**	810.8
Equity		
Contributed equity	**4,905.9**	4,323.1
Reserves	**7.6**	(1.7)
Retained earnings	**126.1**	18.5
	5,039.6	4,339.9
Profit/(loss) for the year	**349.0**	(374.5)
Total comprehensive income	**350.6**	(377.7)

(b) Guarantees entered into by the parent entity

The parent entity is a guarantor along with other entities in the Mirvac Group for the Group's borrowing facilities, refer to note 19.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities at 30 June 2010 or 30 June 2009.

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

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2010 or 30 June 2009.

Mirvac Property Trust
Directors' declaration
For the Year Ended 30 June 2010

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 69 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 2010 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; and

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

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Nicholas Collishaw
Director

Sydney
24 August 2010

PRICEWATERHOUSECOOPERS

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

Report on the financial report

We have audited the accompanying financial report of Mirvac Property Trust (the Trust), which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Mirvac Property Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Mirvac Funds Limited as responsible entity for Mirvac Property Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

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

PricewaterhouseCoopers

R L Gavin
Partner

Sydney
24 August 2010