

2018 SUSTAINABILITY REPORT



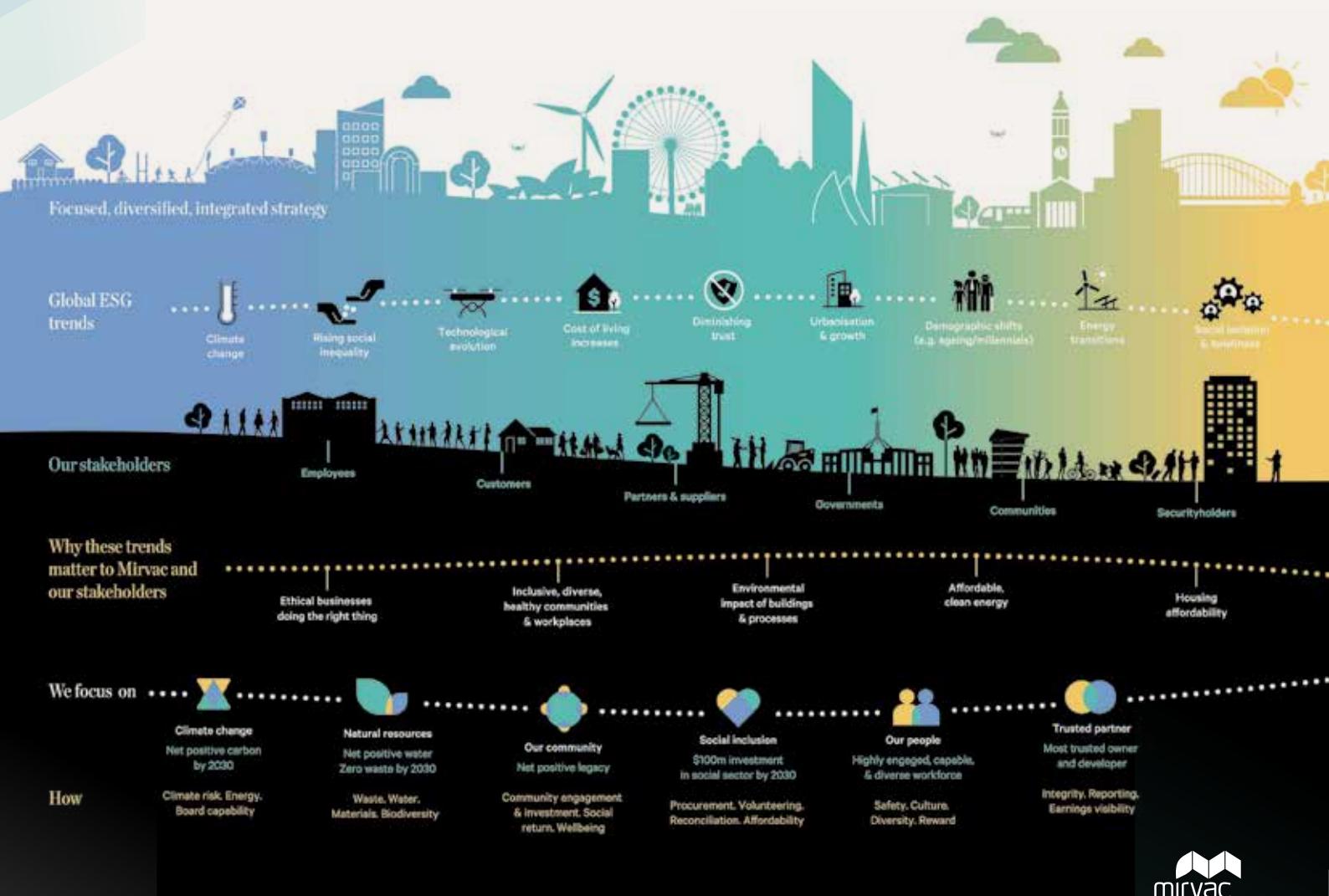
Mirvac Group — Reimagine Urban Life



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REIMAGINE URBAN LIFE, SUSTAINABLY

CURIOS BOLD GENUINE



LIVE WORK SHOP

INNOVATE CREATE SUSTAIN



Nº 1

World's most sustainable real estate company¹

Foreword

Sustainability is about balance. It's about businesses achieving sustainable growth while managing the impacts they have on the environment and the communities in which they operate. It's about connecting to the wider world, as well as its key stakeholders, while remembering that for all of us, sustainability is personal.

We are proud to present a summary of the promises we've met since we laid out our ambitious *This Changes Everything* sustainability strategy in 2014.

Most importantly, we have begun to deliver on reducing our carbon and water intensity, supported by new ventures in solar energy investment. We also began to consider our social impact through the company's first Reconciliation Action Plan, our first efforts to measure and improve on our social return on investment, and through our first Gold WELL rating for human health and wellbeing in our office portfolio.

With many of those original targets reaching a natural conclusion in 2018, it was a good time to review and refresh our sustainability strategy and our focus areas.

Our purpose to Reimagine Urban Life is a kind of North Star for us. It brings us together, guides us to make choices, and helps to ensure that our business is a business which is about more than just profit; we put people first.

As we evolved *This Changes Everything*, it was important to us that we balanced the needs of the stakeholders most influential to Mirvac's outcomes, while considering the mega-trends we are a part of.

We are ever-mindful that, on current trajectories, climate change has the potential to significantly impact our communities and our planet, and so we have re-affirmed our bold commitment to have a net positive impact on carbon, water, and send zero waste to landfill by 2030.

We are conscious our cities are urbanising, which means it is more important than ever to understand what is vital to communities and to collaborate throughout the development process. This will help us to ensure we build a positive legacy – a legacy of quality buildings with sustainability at their core, and of strong community connections which help us to grow together.

We recognise that transparency is a fundamental requirement in building trust between the community and powerful institutions, from governments to businesses, media, and not-for-profits. We have had a long-recognised commitment to transparent reporting and we are continuously improving what and how we disclose by showing you what employees say it's like to work at Mirvac, what our stakeholders say it's like to work with Mirvac, and the extent to which we're trusted.

As part of that transparency, we have continued our journey to combine environmental, social, and governance reporting within Mirvac's Annual Report as a means of demonstrating that sustainability is central to, not alongside, our company strategy and performance. This summary is an extract from that report.

A handwritten signature in black ink that reads "Sarah Clarke".

Sarah Clarke

Group General Manager,
Sustainability & Reputation

1. Mirvac was ranked the world's most sustainable real estate company by the Dow Jones Sustainability Index in 2017.

ABOUT MIRVAC

About us

Mirvac is an integrated, urban property group listed on the Australian Securities Exchange, with an enviable reputation for delivering some of the best real estate projects in Australia.

We own and manage assets across the office, retail and industrial sectors in our investment portfolio, and currently have over \$19 billion of assets under management.

Through our development activities, we create and deliver innovative and high-quality commercial assets and residential projects for our customers, while driving long-term value for our stapled securityholders.

We have an integrated approach that gives us a competitive advantage across the lifecycle of a project. From site acquisition, urban planning and design, through to construction and development, leasing, sales and marketing, property management and long-term ownership, we exercise control over the entire process.

Our integrated model also ensures a stable income and growth through a balance of passive and active capital, allowing us to respond to fluctuations in the property cycle.

We have over 45 years of experience in the property industry, and a passion for creating sustainable, connected and vibrant urban environments for people to work, shop, live and play.

Mirvac's full-year financial statements can be viewed on page 74, or downloaded from Mirvac's website www.mirvac.com.

REIMAGINE URBAN LIFE

Our purpose

Our purpose, *Reimagine Urban Life*, is our passion and our reason for being.

As one of Australia's leading property groups, we are continuously driven to think about how we can enhance the lives of those who work, shop or live in and around our developments.

When we reimagine urban life, we're inspired to think about not only what we do and how we do it, but importantly, why we do it. We are constantly looking for new ways to help our customers lead fuller, richer and more rewarding lives.

We don't just build buildings; we create unique urban precincts and residential communities. We're shaping a future that combines the latest in technology, sustainability and architectural design. We're at the forefront of reimagining the way Australian city dwellers interact and utilise the spaces around them.

We bring our purpose to life by harnessing the unique skill set of our people across each of the sectors we operate in; and through our purpose, we're inspired to deliver outstanding urban environments that will leave a lasting legacy for generations to come.

What we do

We're a creator, owner and manager of some of Australia's most renowned and recognisable projects, with a strategy to be focused, diversified and integrated. This means:

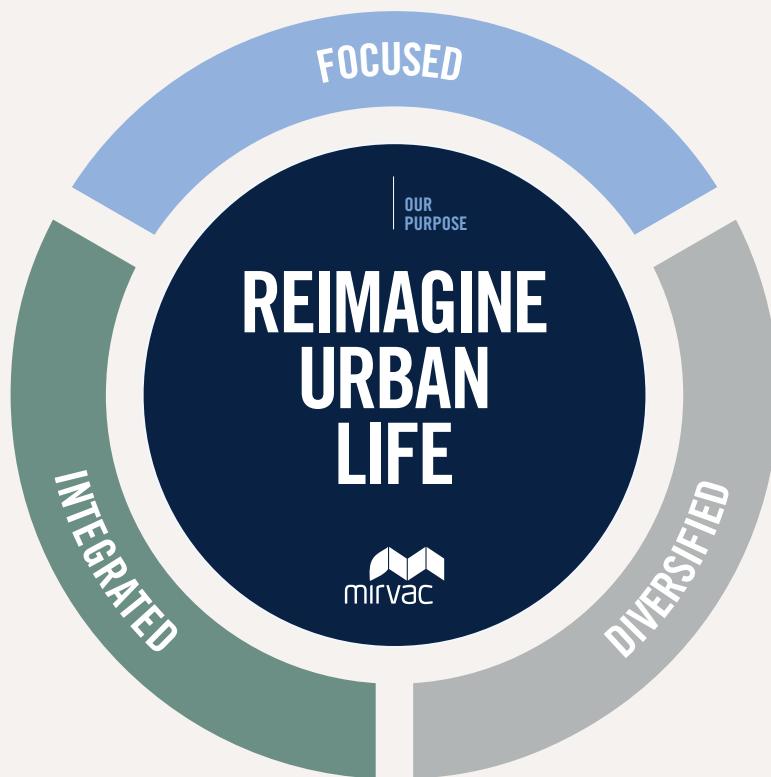
- deploying capital with discipline and delivering on our promises, with a strong focus on our customers (focused);
- maintaining an appropriate balance of passive and active invested capital through cycles, and retaining capability across the office and industrial, retail and residential sectors (diversified); and
- leveraging our integrated model to create, own and manage quality Australian assets (integrated).

Our strategy and decision making are guided by four core principles: maintaining an urban focus; maximising the value of our assets; flexing our activities through the cycle; and maintaining an appropriate capital structure and cost base.

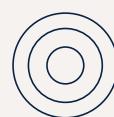
Underpinning our strategy is a commitment to our people, innovation, technology, sustainability and safety. We're passionate about creating long-term value for our securityholders, and having a positive impact on the communities in which we operate.

Both our strategy and our ambition to reimagine urban life continue to produce strong results across the business.

THE MIRVAC DIFFERENCE



OUR
STRATEGY



FOCUSED



DIVERSIFIED



INTEGRATED

OUR
ENABLERS



SAFETY



INNOVATION



PEOPLE &
LEADERSHIP



TECHNOLOGY



SUSTAINABILITY

THINGS THAT ARE SHAPING OUR WORLD



Australia's urban centres have seen significant change in recent years, and we are cognisant of several key trends. While the climate in which we're working is challenging in many ways, our purpose provides a platform which informs our response. By making choices which reimagine urban life, we are working to mitigate the risks, uncover the opportunities and find new ways for our business to be a force for good.

Stakeholder engagement

Trust in institutions is at a low point in Australia, and it's up to companies like Mirvac to be a force for good. This year, we have taken important steps to continue to build trust, by collaborating more with our partners and stakeholders and placing more emphasis on transparency as part of our revised sustainability strategy. We recognise, for example, how critical it is to conduct early community engagement consistently across our proposed development projects. You can read more about our new sustainability strategy on page 4.

We have also undertaken comprehensive research to learn what our most influential stakeholders expect from us, and have committed to sharing our progress more proactively than ever before. While we are a high-performing and trusted organisation, we are always looking to learn how we can improve.

The densification of our cities

The recent population boom has seen Australia's capital cities evolve at a rapid pace, particularly in Sydney and Melbourne, and demographics have shifted accordingly. As our cities adapt to this increased density and the challenges it brings, we are more aware than ever of our need to develop in collaboration with our key stakeholders, including local and state governments, not-for-profit organisations and the community. With this in mind, we're placing an increased focus on community consultation, while continuing to leverage our integrated model to deliver sustainable and resilient urban developments. After all, a positive legacy is as much about enhancing human connections as it is about quality buildings.

Housing affordability

With Australia's population increasing, so is the demand for housing in our urban capital cities. In addition to developing a diverse range of products, which cater to our customers' needs, Mirvac continues to tackle housing affordability through targeted initiatives such as The Right Start, which makes home ownership more accessible for first home buyers. Meanwhile, Mirvac's House with No Bills research project is continuing to pave the way for more affordable living, and this year we have also begun to address the needs of renters with the launch of the first build-to-rent club in Australia. While affordability is not something that can be solved overnight, we believe that by leveraging our strengths and providing quality products, we can help make a difference. Read more about what we're doing in this area on page 19.

Climate change

In 2015, Australia joined 195 other countries in signing the Paris Agreement: a commitment to limit global warming to no more than 2 degrees Celsius by the end of the century. As the 11th-largest emitter of carbon per capita in the world, Australia still has a long way to go – and with the built environment representing 25 per cent of the country's total emissions, leadership from property companies can influence progress. Reducing our carbon footprint will not only be good for the environment, it will also have a direct impact on our customers, who are feeling the pressure of escalating energy costs.

Since making our industry-leading commitment to achieve net positive carbon emissions by 2030, Mirvac has made excellent progress, reducing our carbon intensity by 21 per cent, installing over one megawatt of solar PV, and starting our own energy company. This year, as part of the next phase of our sustainability strategy, we have made our work to reduce risks associated with climate change more explicit. With a soon-to-be-released white paper setting out our plan for the remainder of our net positive journey, we look forward to seeing the change continue.

A long capital growth cycle winds down

Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders for the past five years, and when we approach any new acquisitions we are mindful of the fundamentals needed to maintain growth. We are focused on responding to changes in the property cycle appropriately, while prudently managing our business risks. We believe the residential market in particular has passed the top of the cycle, so we will continue to be extremely selective in deploying capital to secure new projects.

Technology

From smart metering to the Internet of Things, technology has empowered us to achieve remarkable things – and the pace of change is only increasing. We are already seeing a shift in the way people work, which we're responding to with cutting-edge design at our office and industrial assets. Modular technology is changing the way we construct, solar and batteries are becoming a reality for more Australians, artificial intelligence is finding its way into our everyday lives, and driverless cars are heading our way. While the increasing role of technology does pose some risks – leading to our increased investment in cyber security and data ethics – there's also a lot to be gained from the vast amount of data that's becoming broadly available. Whether through building management systems or Google traffic data, the opportunities to learn about our customers' needs will only increase – and so does our capacity to respond.

A thorough look at the risks that have the potential to impact our business, and the steps we're talking to mitigate these, can be found on page 8.

SUSTAINABILITY UPDATE

Since it was launched in 2014, it is safe to say that our sustainability strategy, *This Changes Everything*, has become firmly embedded into how we do things at Mirvac – and in a relatively short time, we've achieved a huge amount.

THIS CHANGES EVERYTHING





SUSTAINABILITY

Having made a bold net positive commitment, we've reduced carbon and water intensity by 21 per cent and 22 per cent respectively. We developed our own energy company, and built an innovative House with No Bills pilot project, bringing our customers closer to sustainable, affordable living. Our construction waste recycling rose to 95 per cent, we began to measure our social return on investment, and launched our first Reconciliation Action Plan.

We also continued to leave a legacy that reflects our values: delivering three 6 Star Green Star Performance buildings, two 6 Star NABERS Energy buildings, and Australia's first Gold WELL rated interior for our headquarters at EY Centre, 200 George Street, Sydney. In FY18, the Dow Jones Sustainability Index named us the world's most sustainable real estate company.

Phase two of *This Changes Everything*

After four years of progress, we took time out to reflect on the big question: where to next?

Our operating context has changed considerably in recent years, and we wanted to ensure our strategy was still connecting to the broader factors shaping our world. After undertaking significant stakeholder consultation, both across the business and externally, we identified a number of factors that are significant in our world today, such as climate change, diminishing trust, and social isolation and loneliness. We also examined the areas we think we can make the biggest difference.

Our intention: to focus on what matters most to Mirvac and our stakeholders so we can drive even deeper sustainability outcomes. The result of this work is that we have a refreshed strategy that focuses more firmly on three key areas: reimagining resources, enriched communities, and transparent governance.

What's changed, and what's stayed the same?

The refreshed strategy is an evolution, it's not a revolution, and given the success of *This Changes Everything* we are committed to retaining its sense of bravery and innovation. When we started out, however, we still weren't certain how we'd achieve our audacious goals, or where we could have the most impact. With four years of accumulated learnings, we now have a much better idea on both these things. For this reason, we have shifted from a broader approach (19 areas of action) to one that's more carefully concentrated (six areas of action).

Of course, some of the key components of our strategy are still the same, such as our commitment to reaching net positive by 2030; however, we have now made a stronger connection to the 'why' that underpins these efforts. We have also given social and governance a more even weighting, which we believe is important in our current climate. It's vital that as we grow, we don't grow apart from each other, and for this reason, we are committing to tripling our community investment by 2022, and invest \$100 million in the social sector by 2030.

A simplified scorecard designed to be shared

One of our key learnings has been how to measure our sustainability progress, and as part of our updated strategy, we are committing to sharing this progress more proactively through our new, simplified sustainability scorecard. Not only will this make it easier for stakeholders to see how we're tracking, it can provide guidance and inspiration for other organisations who want to instigate similar kinds of change.

Creating more than we take. Building better communities. Openly sharing our progress. By doing these things, we're continuing on our path to greater sustainability, adding inclusive value to our stakeholders and improving our business performance along the way.

Because we're here to challenge the status quo. To acknowledge the work that's yet to be done. To innovate until we find a better way. To leave a legacy we can be proud of. And to reimagine urban life, sustainably.

PHASE ONE OF THIS CHANGES EVERYTHING SCORECARD



SUSTAINABILITY

As the first phase of 24 targets wraps up, 21 will have been delivered by year's end. Of the three targets left, one is behind schedule (water recycling and capture), and two will be evolved into new opportunities (solar and batteries).

Smarter Thinking

Mission: To create the first smart portfolio by 2020.

Progress: **Delivered**

Having achieved both targets in FY16, our work has evolved into futureproofing our assets through digital infrastructure.

TARGET	PROGRESS
Educate one million people about sustainability by 2020	Achieved in FY16. We continue to share our learnings and achievements in sustainability to encourage and facilitate wider learning
Deliver our first smart building by 2018	Achieved in FY16. We are deploying smart elements across multiple buildings to help realise our goal of a smart portfolio by 2020

Enriching Communities

Mission: To demonstrate investment in communities within and beyond our boundaries by 2018.

Progress: **Delivered**

We report our verified community investment activities with an increasing focus on impact and outcome. In FY18 we achieved \$3.2 million. We're also refining our methodology and focus areas in measuring social return on investment.

TARGET	PROGRESS
Develop a Reconciliation Action Plan (RAP) (2017)	Our Reconciliation Action Plan (RAP) launched in July 2017. Less than a year later, we've achieved almost half of the commitments in the RAP and of the remainder, almost 60% are underway. For further update, refer to page 25.
Develop a community framework (2016)	Achieved in FY16. We continue to refine our approach to community engagement in line with increasing stakeholder expectations
Create community plans or charters for all residential, office and retail assets (2018)	Community charters implemented at several key assets. Community engagement continues to be a focus and priority for Mirvac

Reimagining Resources

Mission: to be net positive by 2030

Progress: **Tracking well**

Carbon and water intensity targets achieved ahead of schedules and net positive roadmaps being developed.

TARGET	PROGRESS
Reduce carbon intensity by 20% (2018)	Achieved in 2016 FY18 carbon intensity 21% Net positive carbon roadmap being developed and will be shared widely
Recycle 75% of waste (2018) & zero waste to landfill (2030)	Operations 75%, construction 95%, waste to landfill 7,650 tonnes. Construction waste roadmap developed
Implement three closed loop recycling projects (2018)	Achieved in FY18 at Kawana Shoppingworld, EY Centre at 200 George Street with Cultivate, and Gainsborough Greens.
Integrate sustainability criteria into the tendering process (2017)	Sustainability criteria has now been integrated into our online tendering process
Complete lifecycle assessments (LCAs) for all new projects (from June 2014)	LCA studies were completed for three development projects this year with 22 LCAs completed in total
Reduce potable water intensity by 15% (2018)	Achieved in 2015 FY18 water intensity 22%
Increase water capture and recycling to 15% (2018)	6.3% achieved. Less rain fell than anticipated, and our blackwater treatment did not deliver the results we expected

Shaping the Future of Place

Mission: to create a framework for the future of place by 2015

Progress: Delivered

We delivered a future of place summit in 2015, which coalesced the capability and innovation of our business to direct better design and engagement outcomes.

TARGET

PROGRESS

Develop a sustainable lifestyles index (SLI) for implementation (2016)	Following the development of the SLI, we have undertaken it at five sites
Create a One Planet Living community (2018)	Having received endorsement in 2017, our Marrick & Co residential development in Sydney's inner west is now under construction
Create biodiversity plans for all assets (2018)	More than 30 assets have biodiversity plans. At Gainsborough Green, we've rehabilitated the 50-hectare site to a thriving wetland community, home to 34 native plant species
Create green transport plans for all assets (2018)	More than 20 assets have green transport plans and form part of our community engagement, encouraging others to use active and public transport
Pilot a house with no energy (HWNB) bills (2018)	The first House with No Bills is now operational, with the Zimmerman family moving in during FY18. For further detail, please see page 19. Other HWNB projects are underway as part of our broader efforts to support cost of living challenges
Install solar PV on all new Mirvac homes (2020)	Our solar targets have been updated in phase two of the strategy to ensure affordability as well as helping our residential customers realise environmental benefits
Install solar power storage batteries on all new Mirvac homes (2030)	

Reimagining Resources:

ENERGY, GHG, WATER, WASTE

Emissions tCO ₂ -e	FY13	FY18	FY18 source data
Scope 1			
Natural gas	2,697	4,007	77,757GJ
Refrigerants	1,383	1,513	1,125kg
Diesel	2,333	1,154	425,646L
Petrol	646	101	42,451L
LPG	7	54	34,382L
Total scope 1	7,066	6,828 ✓	
Scope 2			
Electricity	71,426	73,772 ✓	92,380,842kWh
Total scope 1 + 2	78,492	80,600	
Scope 3			
Natural gas	471	582	77,757GJ
Electricity	12,542	8,255	80,409,650kWh
Travel	2,812	3,304	11,662,205km
Waste	9,915	8,017	7,650T
Diesel	178	59	425,646L
Petrol	51	5	42,451L
LPG	1	3	34,382L
Total scope 3	25,970	21,525 ✓	
Total	104,462	102,125	
Potable water usage			
Retail	492,216	485,976 ✓	
Office & Industrial	349,597	453,826 ✓	
Total (kL)	841,813	939,802	
Total waste			
Construction	35,565	23,393 ✓	
Investment	12,833	25,685 ✓	
Total	48,398	49,078	
Construction	95% ✓	1% ✓	4% ✓
	recycled	prescribed	landfill
Investment	75% ✓	0% ✓	25% ✓
	recycled	prescribed	landfill

Enriching communities:

\$3,173,319

OF COMMUNITY INVESTMENT (INCLUDING
\$1,037,151 OF MANAGEMENT COST)

\$285,600

VALUE OF HOURS OF SUPPORT

\$22,995

IN-KIND DONATIONS

\$432,303

LEVERAGE CONTRIBUTIONS

\$1,827,573

CASH DONATIONS



RISK MANAGEMENT



SUSTAINABILITY



SAFETY



TECHNOLOGY



PEOPLE & LEADERSHIP

Risk governance

The Board has adopted a consolidated Risk Management Policy and Framework which incorporates governance, compliance, risk appetite and business continuity management. This approach is consistent with the Australian and New Zealand standard on risk management (ISO 31000:2009).

The Board determines the overall risk appetite for the Group and has approved strategies, policies and practices to ensure that key risks are identified and managed within the approved risk appetite.

The Board has charged management with the responsibility for managing risk across the Group and implementing risk mitigation strategies under the direction of the CEO & Managing Director and supported by the ELT.

A Group Risk function, led by the Head of Risk, provides a centralised role in facilitating the risk management framework, advising business units on risk management plans and consolidating risk reporting to senior executives, the ARCC and ultimately the Board.

Group Risk refreshed its strategy during the financial year to focus on three key areas: building closer partnerships with the business, creating and fostering a risk aware culture, and being more proactive in managing risk.

While we have a dedicated risk team, each area of the business is ultimately accountable for its specific risks, and we want to empower our people to identify and mitigate these effectively.

For a more detailed account of Mirvac's Risk Management Policy and Framework, please refer to the Group's Corporate Governance Statement which can be found at: www.mirvac.com/about/corporate-governance.

Our principal strategic risks and opportunities

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

Risk & opportunity	How we're addressing it
Investment performance Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.	Mirvac partners with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are made on the basis of due diligence and market research to ensure investor confidence is retained. We take steps to anticipate shifts in market conditions and to make strategic decisions in securing development pipeline opportunities. Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders for the past five years, and when we approach new acquisitions, we are mindful of the fundamentals needed to maintain growth through our sustainable urban-focused business model.
Macro environment Mirvac is impacted by changing domestic and international macro prudential and regulatory measures, which impact access to capital, investor activity, and foreign investment.	Mirvac uses external impact trend analysis for macroeconomic changes, and is attentive to these shifts. We are currently monitoring the following: Office: Mirvac has one of the youngest office portfolios in Australia with a substantial overweight to Sydney and Melbourne, Australia's deepest and most attractive office markets. This ensures it is well-placed to capture demand from high-quality tenants. Having a young and modern office portfolio also ensures that Mirvac's capital expenditure on its assets is expected to remain relatively lower than our AREIT peers. In terms of office developments, the Group manages uncertainty around tenant demand in a number of ways, such as substantially pre-letting development projects ahead of construction and by partially selling down office developments to capital partners in advance of completion. Industrial: Continued strength in investor demand for prime grade industrial assets in key locations is resulting in compressed capitalisation rates, weighting predominantly towards the stronger markets of Sydney and Melbourne. Mirvac continues to focus on properties based on proximity to infrastructure, long lease terms and secure cash flow profiles while also considering the rapid growth of e-commerce and renewed focus from tenants to speed up supply chain fulfilment. Retail: Mirvac continues to maximise the retail portfolio by leveraging its strategic partnerships, experiential expertise and integrated capability. Mirvac is focused on continually refreshing its retail assets (via refurbishment, redevelopment or tenant remixing) to adapt to changing market dynamics. This active management has seen an increased weighting to more resilient and experiential categories such as food and beverage, entertainment and non-retail. Furthermore, Mirvac maintains a focus on key urban and metropolitan markets and continues to meet the challenges and opportunities of the changing retail landscape. Residential: While housing market activity has returned to more normalised conditions, location, quality and an understanding of our customers' needs remains key for attracting demand. With stricter lending criteria, both domestically and offshore, concerns have been raised over the ability of residential property purchasers to settle. Mirvac has a range of strategies in place and carefully and proactively monitors its settlement risk profile, with a proven track record of low defaults.
Reputation In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.	Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust. We are elevating our controls to identify and mitigate our exposure to reputational risks and ensure full compliance to emerging legislation. We have a AAA rating with MSCI and were ranked number one in real estate by the Dow Jones Sustainability Index in 2017. We provide good earnings visibility and full disclosure to our securityholders so that they can make informed choices. Our brand strength is leveraged to consistently attract substantial residential pre-sales, delivering one of the highest levels of repeat buyers in the property industry.

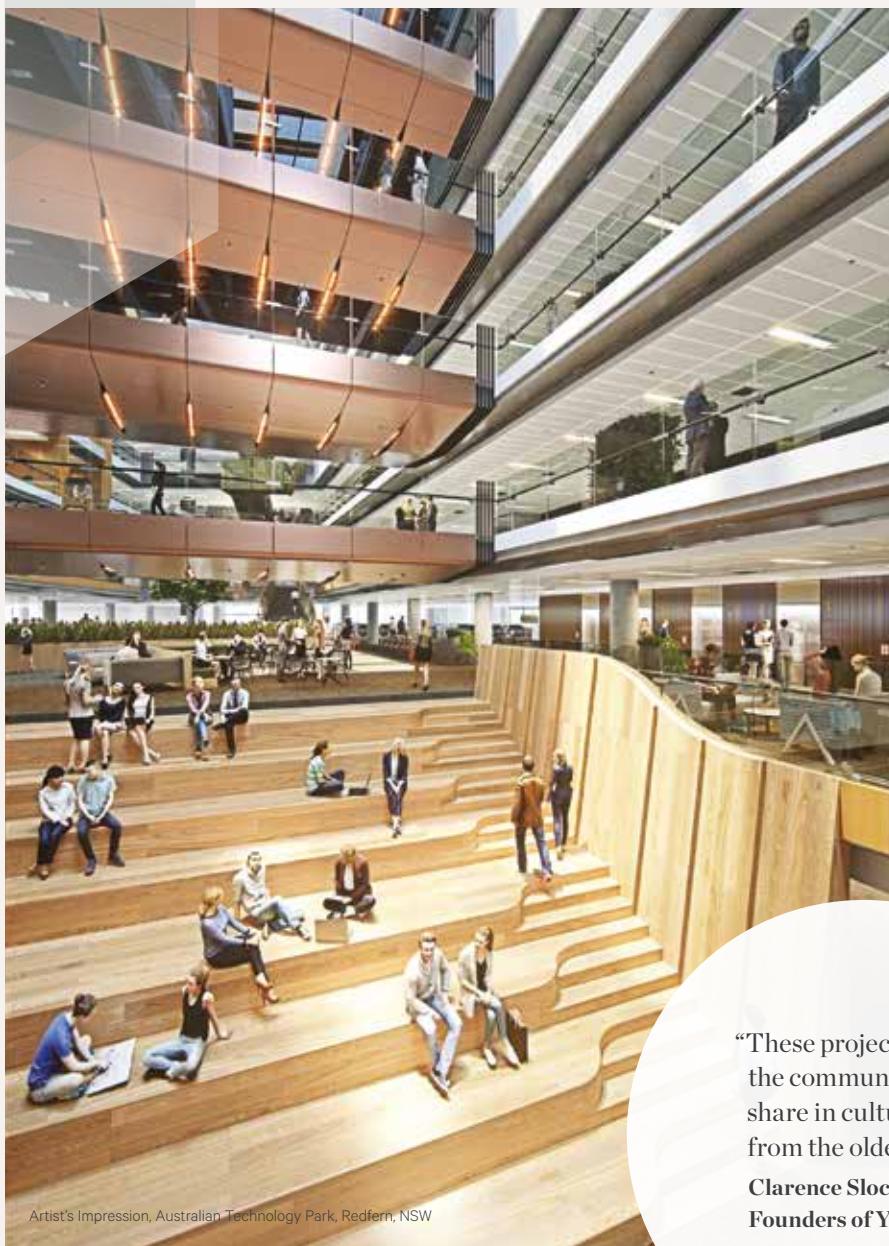
Risk & opportunity	How we're addressing it
Supply chain With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.	Historically, Mirvac has looked at supply chain risk on a project-by-project basis. Working groups have since been developed group-wide to address key areas such as modern slavery, worker exploitation, material import risk, high risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation.
Planning and regulation Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.	Mirvac has established a stakeholder relations team, which coordinates proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations.
Impacts of climate change Climate change can not only affect our assets, it can affect our business operations. It is vital that Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio, and building resilience throughout the business.	Mirvac regularly assesses its portfolio for climate risk and resilience. We support the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations and are currently considering how we disclose climate risk and opportunity moving forward. Climate risk is also a consideration in due diligence during acquisition and the development process. Mirvac strives to design developments and major renovations to a high standard for green building and community certifications, as well as energy and water performance ratings. Greater focus has been given to climate change in the refreshed sustainability strategy (launched June 2018). In early FY19, Mirvac will release its net positive carbon roadmap to help investors and other stakeholders understand how we will reach our goal to be net positive in carbon and water by 2030, and provide the metrics and milestones to track our progress. Renewable energy will be an important part of achieving net positive with the added benefit of price stability for our portfolio.
Capital management Maintaining a diversified capital structure to support delivery of stable investor relations and maintain access to equity and debt funding.	Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain a minimum investment grade credit rating of BBB+ to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.
Health & safety Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and critical to Mirvac's ongoing success.	We continue to pursue safety excellence and to improve the overall wellbeing of our employees, suppliers, community and the environment. During FY18 Mirvac launched the HSE 'Thrive' strategy, which encompasses health, safety and wellbeing. As part of the strategy, Mirvac established a health and wellbeing council to drive health and wellbeing initiatives and created Mirvac Minimum Requirements (MMR) to ensure we consistently manage critical HSE risks across all parts of the business. Mirvac Construction maintained certification for HSE (AS/NZS 4801:2001 OHS Management Systems, OHSAS 18001:2007 OHS management systems and AS/NZS ISO 14001:2004 – Environmental Management Systems).
People We are mindful that we require a motivated, high performing, and capable workforce to deliver business strategy and a desired culture.	Mirvac's people strategy includes a range of initiatives designed to ensure we have the right culture and capabilities so that our people are engaged and enabled to deliver on our strategy. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace. Mirvac has clearly defined values that align to our purpose to Reimagine Urban Life and the Group measures its leaders on whether they demonstrate supporting behaviours that underpin these values. Mirvac's remuneration strategy is designed to attract the best, and retain and motivate talented individuals, while aligning to the interests of executives, securityholders and community expectations. Read more on Mirvac's people initiatives on page 20.
Technological change Technology is changing our world at a rapid pace, and without high responsiveness, companies are less able to innovate and take advantage of new technologies.	A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Some examples include: <ul style="list-style-type: none">– continued exploration of new construction technology to drive better outcomes, including pre-fabricated components;– embracing technologies to further integrate sustainability across all business units, such as solar and battery systems, and smart building management systems;– an innovation program to ensure we continue to innovate in a meaningful way. Our innovation team, Hatch, perform business scans to understand and respond to disruptive technology; and– additional investment in resources for customer solutions and business systems.
Data, systems & business disruption (including cyber security) It's crucial that we have the ability to manage a major incident causing physical or information disruption timely and efficiently. This includes cyber security threats and/or breaches to our information systems and/or damage to physical assets that could cause significant damage to our business and reputation.	Mirvac has a business continuity management policy which identifies and addresses the key response actions, systems and tools required to effectively manage and continue business critical processes during a business impacting event. The <i>Crisis and Incident Management Plan</i> establishes clear accountabilities and first response protocols based on a three-tiered incident severity rating system. The <i>Disaster Recovery Plan</i> specifies an action plan for IT staff involved in the recovery of critical IT Business Systems following a disaster. Mirvac is committed to protecting the organisation's information through maintaining the confidentiality, integrity and availability of Mirvac information and information systems in a secure environment. Mirvac has established a high standard for the management of all IT security incidents and to prevent or mitigate the side effects of data related security breach.

CASE STUDIES

AUSTRALIAN TECHNOLOGY PARK: ALIVE WITH LOCAL HERITAGE



SUSTAINABILITY



At Mirvac, we know how important it is to have a positive impact on the communities in which we operate, and this is particularly true at Australian Technology Park (ATP) in Sydney, which has a significant and vibrant Aboriginal history. In fact, more than 25 different Aboriginal groups have been recorded as having occupied the Sydney region, which is located on the land of the Gadigal people of the Eora Nation. Recognising and paying respect to the site's rich cultural history has underpinned our approach to community engagement at this project and through focused and meaningful engagement, we have seen our relationships with local businesses and not-for-profits in the area continue to go from strength to strength.

Connecting with the community

Through our close and ongoing relationship with Tribal Warriors, for instance, we've been able to provide full-time employment for two local Aboriginal community members, with five people going through our Indigenous employment program. Our employees have also continued their support of Tribal Warriors' Clean Slate Without Prejudice program, attending early morning boxing sessions that are run for young people in the area, with the support of the Redfern police. The program has been credited with breaking down the barriers between the two groups and promoting more positive pathways for the local youth. In addition to this, we've held a number of team building sessions on Tribal Warriors' Aboriginal cultural cruises, with Mirvac employees enjoying a day on Sydney Harbour while learning about Australia's Indigenous history and culture.

Another exciting relationship we've established at ATP is with Aboriginal-owned group, Yerrabingin, which we've engaged to deliver a cultural landscaped garden in the precinct, as well as an urban rooftop farm on Building 3. The garden, to be designed and managed by Yerrabingin, will showcase native plant species of cultural significance to Aboriginal people from the Redfern area, as well as New South Wales more widely. The proposed rooftop farm, meanwhile, will combine permaculture, Indigenous knowledge and innovative design to deliver a unique experience for tenants and visitors of ATP, and enhance the precinct with greater biodiversity and green space. A range of workshops and educational activities will be held throughout the year, covering bush food tastings and using native produce in everyday cooking, through to sustainable gardening practices and Aboriginal astronomy. Yerrabingin will also coordinate Living Libraries on the rooftop farm, bringing key speakers together to share their personal stories on subjects such as Aboriginal civil rights, traditional society and practice, and the Aboriginal business sector.

"These projects will deliver the opportunity for the community, tenants and visitors to ATP to share in cultural and environmental knowledge from the oldest living culture in the world."

**Clarence Slockee and Christian Hampson
Founders of Yerrabingin**



Artist's Impression, Australian Technology Park, Redfern, NSW

Giving to those who do good

Mirvac also believes in championing organisations who are doing good things in the community, and last year, a community grants program was established to provide support for community welfare, education and youth leadership programs, innovation and cultural projects. Since launching the grants program, we've provided approximately \$47,000 in support to local organisations, including the Redfern All Blacks, with Mirvac sponsoring their Koorie Knockout competition; the Redfern Community Centre; The Shepherd Centre, who help children with hearing difficulties prepare for school; and the Milk Crate Theatre, who are working to change the story of homelessness through performance art. Mirvac also contributed financial support to revamping the '40,000 years' mural, which is opposite Redfern Station, and has been an icon of the local Indigenous community for the past 35 years.

While we continue to progress with the development of ATP, our aim is to not only maintain but build on the strong relationships we've established, and to help extend our good relationships to the project's major tenant, Commonwealth Bank. We believe that in doing so we will leave a legacy that we can all be proud of.

Mirvac is placing significant emphasis on sustainability at ATP. All three buildings in the precinct are targeting 6 Star Green Star Design and As Built ratings, with Buildings 1 and 2 targeting 6 Star Green Star Interiors ratings, both of which constitute world leadership in sustainable design. Buildings 1 and 2 are also targeting 5 Star NABERS Energy ratings and 4 Star NABERS Water ratings.

We're also implementing a highly-efficient precinct-wide solar PV solution. The solar systems we're employing are expected to generate enough renewable energy for us to achieve our NABERS ratings on Buildings 1 and 2, while delivering a carbon neutral Building 3.¹

The use of high-performance facades with shading and motorised blinds have also been designed to make each building more energy efficient by reducing reliance on heating and cooling.

In addition to this, Buildings 1 and 2 are being constructed with large atriums featuring skylight roof sections to allow more natural light to flow through the building.

Each building has been equipped with carefully designed roof drainage systems, as well as rainwater harvesting tanks, in order to reduce on-site water consumption.

Mirvac is also targeting a minimum 95 per cent diversion of its construction and demolition waste from landfill, and has committed to the Green Star Construction and Demolition Waste Reporting Criteria. This criteria has been developed by the Green Building Council of Australia to ensure that contractors and waste processing facilities are operating with environmentally responsible due diligence.

1. For the base building.

CULTIVATE:

THE HUMBLE
CARPARK,
REIMAGINED



INNOVATION

In February 2018, our innovation team, Hatch, fast-tracked its eight missions, one of which is to extract greater value from under-utilised assets. With driverless cars becoming more of a reality, the team saw a great opportunity to make better use of carparks within Mirvac's portfolio. The concept: to transform these spaces into thriving urban farms.

One exciting innovation has been Cultivate, a pilot project in the basement carpark of EY Centre, 200 George Street in Sydney. Partnering with Farmwall Melbourne, we invited employees from Mirvac and EY to get involved in the six-week project, which would essentially see them become urban farmers. Over 200 people volunteered, growing and harvesting produce such as micro greens, salad leaves and oyster mushrooms, which are grown from used coffee grounds supplied by Virgin Air. The process is made possible by automatic watering and high-powered lamps that accelerate growth, and it's 100 per cent organic with zero waste.

A café in the precinct, The Avenue, has also become involved, and has asked us to grow specific types of produce that they feature on their menu, making a very short farm-to-plate trip.

Cultivate has delivered some unexpected wellbeing benefits too. When participants were surveyed before and after spending an hour at the farm, 40 per cent said they left feeling less stressed. Interest in the project is growing, and we see huge potential to scale the idea now we've demonstrated that it can work. We've extended Cultivate for another 12 months and we've now employed an urban farmer to manage the facility and educate volunteers.



SUSTAINABILITY

SIRIUS:

A TRIPLE SIX-STAR SUCCESS



23 Furzer Street Canberra

“Smart building technology has played a large part in our success at Sirius. The technology enables us to see inside the building’s central nervous system, providing real-time data that tells us what’s happening right across the building at any given moment. This means we can make adjustments in response really quickly, and optimise the building’s performance around the clock.”

David Palin
Sustainability Manager, Office & Industrial

In Mirvac’s office assets, two streams of waste have proven difficult to divert from landfill: paper towels and coffee cups.

Over the past 18 months, we’re pleased to say we have found an effective solution, one that has the added benefit of having a positive social impact. Through our ongoing relationship with Social Traders, an organisation that connects businesses with social enterprises, Mirvac has teamed up with Mates on the Move: an initiative of the Prisoners Aid Association of NSW, established to create employment opportunities for men and women making the transition from the justice system. Through this partnership, we have been able to start collecting paper towels and coffee cups across ten of our sites in NSW, reducing contamination and improving our recycling.

In the first 12 months, we’ve collected over 90 tonnes of paper towels and coffee cups, receiving some very positive feedback from retailers, tenants, and facility managers. On the back of this success, we are looking for opportunities to work with Mates on the Move more extensively, and have raised awareness about their work within the industry via the City of Sydney Better Buildings Partnership.

Sustainability has been a key feature at Sirius House at 23 Furzer Street, Canberra for some time, and this year we enjoyed a standout success when Sirius became the first building in Australia to achieve a 6 Star NABERS Energy rating, a 6 Star NABERS Water rating and a 6 Star Green Star Performance rating, without the use of GreenPower or externally-sourced recycled water.

The Mirvac team has worked hard to optimise energy and water performance at Sirius, and since FY13 they have reduced carbon emissions by 33 per cent and reduced water consumption by over 50 per cent. This has been made possible, in part, by the large-scale solar PV system installed at Sirius in 2014. While our 2030 net positive goal has certainly provided motivation to achieve these outcomes, we could not have done it without collaborating with our stakeholders, particularly our tenant, the Department of Health. It’s exciting to see what we can achieve when we work together.



SUSTAINABILITY

MATES ON THE MOVE:



CATERING TO OUR CUSTOMERS:

AN ENHANCED RETAIL EXPERIENCE



INNOVATION

As we reimagine our centres to be more than just retail, we've been asking customers what they really want – and in several locations, we are delivering some interesting innovations in response.

Having carried out Hatch-style research at Orion Springfield Central in QLD, we discovered that many customers considered their dog to be an integral part of the family and were more likely to visit places that were dog-friendly. In response to this, we have since developed two dog parks at Orion, and we're working with retailers to create dog-friendly dining zones. We know that interaction with animals brings health benefits, and it's also a great way for people to make connections within their community.

Catering to canines is just one way we are making our retail centres more inviting. In April this year, we transformed the main shopping street at Orion into a venue for the Jacaranda Dinner: a fundraising banquet supporting the local Ipswich Hospice; while at Rhodes Waterside in Sydney, we invested \$500,000 in a large, all-weather playground.

And at Broadway Sydney, we're piloting The Third Space, a unique co-working space that offers our customers bookable meeting rooms, an open-plan workspace and focused work pods. The convenient location of the hub at Broadway Sydney means our customers have easy access to everything the centre provides, including grocery shopping, retail, restaurants and entertainment.

As the nature of retail becomes more fluid, the need to create meaningful spaces becomes more and more important. We're excited by the opportunities this new era of retail represents.

"Increasingly, our retail centres are about much more than retail – they're places for people to connect. By engaging with the community and listening to our customers' needs, we're able to deliver unique retail experiences."

Susan MacDonald, Head of Retail

MIRVAC ENERGY: THE NEXT CHAPTER



SUSTAINABILITY

Mirvac Energy is a key component of our path to net positive and has been a game changer for our business. In the last year, we've learned a huge amount from our two pilot sites, Orion Springfield Central, QLD and Darling Island, NSW. One of the most important things we've learnt was the complexity of installing solar PV systems, particularly when the asset in question is being used by the public. As well as overcoming installation challenges, we had to get up to speed with the administrative aspects of running an energy company, from generating Renewable Energy Certificates to developing power purchase agreements. Of course, once the systems were in place, there was also much to be learned about how they would perform and operate.

One of the distinct advantages that Mirvac has, however, is the significant roof space our retail assets provide, allowing us to generate and store higher levels of renewable energy onsite.

We are now looking at installing solar at more of our properties and tapping into advancements and innovations in solar.

Proving the Mirvac Energy model

Through our pilot projects, we've proven that the model can work. Having hit our initial targets and familiarised ourselves with the process, we've now commenced work on two new Mirvac Energy projects. The first of these has seen us install 180kW of solar PV at 664 Collins Street in Melbourne, which we did in partnership with AGL, our tenant at both 664 Collins Street and the neighbouring 699 Bourke Street. This was the first time we have installed solar PV during the construction process, and we are proud that the system is now up and running.

Our second project will involve installing approximately 750kW of solar PV at ATP in Sydney. This will be done across the three buildings, one of which will be net zero carbon. In addition, we are observing and capitalising on the rapidly-evolving options for renewable energy through ever-improving technology and installation, including lightweight modular systems, and systems able to adapt to the changing needs of buildings and owners.

Off-site solar opens up new opportunities

Another way we're looking to expand Mirvac Energy is by installing off-site solar PV systems. We are exploring this idea in Melbourne, with plans to install a solar PV system at an industrial asset owned in the Mirvac Industrial Logistics Partnership. The aim is that it will generate renewable energy which we then purchase for use at 477 Collins Street. Using GreenPower Connect™, we're using our purchasing power to link assets that have roof space for solar PV with assets that consume renewable energy, for excellent environmental performance. With their large roof spaces and low energy requirements, our industrial assets have great untapped potential, and we believe that through off-site solar solutions we can start to take advantage of this.

KAWANA SHOPPINGWORLD:

A CLOSED LOOP
RECYCLING
SOLUTION



SUSTAINABILITY



In December 2016, Mirvac installed the Pulpmaster at Kawana Shoppingworld, QLD: an on-site system that processes food and organic waste, which is then transformed into high-quality compost. In its first 12 months, the Pulpmaster enabled Kawana to divert 20 tonnes of food and organic waste from landfill, and this year, it inspired a closed loop recycling solution.

On Mirvac's National Community Day, the Kawana team volunteered at a local not-for-profit, Eastbank Edible Garden, and immediately saw potential to use the Pulpmaster compost at the garden. From there, they developed a closed loop solution in collaboration with the two local suppliers involved in the Pulpmaster recycling process: JJ Richards & Sons, who collect the liquid waste from Kawana, and Wood Mulching Industries, who turn the waste into fertiliser. Healthy Land & Water also supported the project.



Together, these teams enabled six cubic metres of fertiliser to be donated and delivered to both Eastbank Edible Garden and local strawberry farm Suncoast Harvesting. The project was included as part of Kawana's National Recycling Week Showcase, and attracted visits from the Queensland Shadow Minister for Environment, Science & The Great Barrier Reef Mr David Crisafulli, as well as Member for Kawana Mr Jarrod Bleijie.

With the first crops of strawberries now being harvested and sold back to Kawana, our customers are quite literally enjoying the fruits of our labour.

BUILDING RESILIENT COMMUNITIES



SUSTAINABILITY



As a developer of major projects on the urban fringe, we're acutely aware of the challenges that can come from living further away from central business districts and the infrastructure and social interactions they provide. We recognise how important it is to create a sense of belonging and reduce social isolation, which research shows can lead to issues such as depression, family violence, substance abuse, obesity, discrimination and distrust.

That's why we're focused on helping to build a strong social fabric in new communities, and at Woodlea and Olivine in Victoria we've employed a dedicated community development manager to ensure that the communities we're creating are vibrant, dynamic, safe and connected.

By building quality relationships, through listening and collaborating with our customers, our partners and local council early on, we also feel confident that the communities we deliver will be healthy, resilient and sustainable, and that we'll leave a positive legacy for those who live there.

Creating connections

Encouraging residents to form relationships with their neighbours is essential to building strong community engagement, and we've been mindful of the need to create spaces where human connections can grow and take shape.

At Woodlea, for instance, which we're developing in a joint venture with Victoria Investments & Properties, we've built the Smart Learning Hub that is used for a range of activities, such as mothers' groups and play groups, and has also become something of an incubator for jobs and education.

As well as being a space where local providers can run short courses, we have directly brokered a relationship at the hub between our civil contractors at Woodlea, Winslow Constructors, educational services group, Djerrwarrh, and Jobs Victoria, to train over 100 people since 2016.

The benefits of this have been plentiful, and so far, we've witnessed at least 12 local community members obtain meaningful full-time employment in the construction industry as a result. In addition to this, the training responds to a need for a skilled and capable workforce in the area to keep pace with civil construction demand.

A community garden, boasting a pizza oven, has also been used to host regular pizza nights and it's been exciting to see residents of Woodlea now coordinating community activities themselves.

The learnings we've taken from Woodlea are now being extended to Olivine, where we're in the process of building a central community hub called Olivine Place. Olivine Place will provide a venue for community events, festivals, workshops and learning opportunities, as well as a place for residents to gather and plan activities. We've engaged a not-for-profit organisation, Grassroots Placemakers, to run a social enterprise café where they'll hold classes for disadvantaged members of the local community and provide opportunities for them to work. Finally, with edible gardens having been offered to residents as part of their home package, we're exploring the opportunity to run regular food fairs from Olivine Place, where residents can share produce with one another.

With community expectations for early and proactive consultation increasing, we've committed to having dedicated community relations representatives at each of our greenfields projects, and we are placing much greater emphasis on a consistently high standard of community consultation.



Artist's Impression, Woodlea, Victoria

SERVICING OUR RESIDENTS, ONE SHUTTLE BUS AT A TIME

Through our work on the Walk of Honour, we've formed a strong and trusting relationship with the Caroline Springs RSL. When the RSL purchased a mini-bus to help transport some of their less-able-bodied members, it led to a fantastic opportunity for Mirvac and the RSL to work together and trial a shuttle service to and from the Rockbank V/Line Railway station. Running from Monday through to Friday during peak times, the three-month trial will be provided to residents free of charge. The service not only gives residents a safe and reliable way to get to Rockbank station while improvements to walking and cycling paths outside of the estate continue to be made, it also instils a sense of pride and purpose for the team of volunteer drivers who come through the RSL.

"At Woodlea, we're seeing the benefits that come with investing in social and physical infrastructure early on. Already, this community is flourishing. It's a great example of how Mirvac's integrated model delivers all parts of a project."

Stuart Penklis, Head of Residential

Paying homage to history

Acknowledging the history of a place can play an important role in defining its future. At Woodlea, we partnered with Melton City Council, the Caroline Springs RSL and numerous local community groups to deliver a commemorative Walk of Honour. Featuring educational plaques, storytelling through smartphone apps and artistic interpretations, the 500 metre walk pays tribute to the Australians affected by wars over the past century, while celebrating the site's history as a radio signals station during World War II. Importantly, the walk also acknowledges those who have found refuge in Australia after being displaced from their own countries as a result of war. The walk, which finishes at Woodlea's Town Square, is expected to be completed in time for Remembrance Day this year.

Olivine will likewise pay homage to the area's farming history and celebrate its natural surrounds, with the retention of many of the site's majestic 200-year-old river red gums. Every home at Olivine is within walking distance to a park or green open space, while landscaped pedestrian paths and cycling tracks will connect neighbourhoods to schools and the town centre.

To ensure we're building more cohesive communities at both Woodlea and Olivine, we're also committed to the early delivery of infrastructure, such as schools, parks, and sporting facilities. We know that by providing these services to our new residents, we're facilitating a sense of belonging, and ultimately, giving our customers a better opportunity to live healthy and happy lives.

GASPT AT A GLANCE

Last year, Mirvac announced it would be piloting a new community building partnership, the Growth Areas Social Planning Tool (GASPT), at Olivine. Led by the City of Whittlesea and developed in collaboration with a range of fringe councils and state-level agencies, the innovative social planning tool aligns with our objective to boost liveability, increase connections and reduce social disadvantage in new greenfield communities.

The tool formalises Mirvac's current approach to community engagement, while also allowing us to measure our outputs. By addressing social planning and resourcing gaps, we'll be better placed to respond to some of the challenges experienced by residents in our new urban-fringe communities. Our intention is to use GASPT to plan future services at Olivine, which will be delivered over the next 10 to 15 years, and to use our findings to inform future masterplanned communities projects.

The tool was also a key driver in Olivine being selected by the City of Melbourne to form part of the 100 Resilient Cities initiative. Established by the Rockefeller Foundation, the initiative is aimed at helping cities around the world respond to the physical, social and economic challenges we face in the 21st century.

QUT STUDY AT WOODLEA

This year, Mirvac commenced a five-year study in partnership with Queensland University of Technology that will track the emotional wellbeing and connectedness of residents at Woodlea. The project, Woodlea Connect, combines traditional forms of research with qualitative data that could potentially influence the way resources are allocated in future stages of Woodlea. It is also our hope that the study starts conversations to determine key issues facing the community over the medium term, allowing us to implement strategies at Woodlea that enhance wellbeing outcomes, and to learn more about well being which we can apply at our future developments.

MY IDEAL HOUSE:

**DESIGNING
FOR GREATER
FLEXIBILITY**



In FY17, Mirvac teamed up with House & Garden Magazine to run a competition for designers, architects and students. The brief: to design a modular house that would be relevant to families in the suburbs. Entries were judged on three criteria: sustainability, liveability and flexibility. After choosing a winner from a field of over 80 entrants, we spent a large part of FY18 bringing the concept to life at our Gledswood Hills masterplanned community in NSW, and in June 2018, the community was invited inside the finished product.

The winning design is special for a number of reasons. Firstly, it has a modular flexible design that means the layout can be adapted to work on different blocks – enabling us to achieve a north-facing orientation on any site (the key to passive energy efficiency). The flexibility of the design also means it is versatile enough to suit families of all shapes and sizes, and change as families move through different life stages.

Sustainability was an important consideration throughout the development, especially in the selection of the construction materials. The home makes use of solar, has a Tesla battery, CSR Hebel brickwork, LED lighting, and responsibly-sourced plantation timber. The home recently sold at auction, with Mirvac donating \$50,000 of the profits to The Salvation Army. We are also excited to see how the design concept may help us elevate our approach at masterplanned communities across our residential business.

SOLAR ENERGY:

**INCREASING
IN SCALE**



Promoting renewable energy to residential customers hasn't always been easy, especially given the associated price tag. This year, however, we began to see real traction in this space, with our research indicating that over 50 per cent of our customers are now interested in solar and batteries, and are willing to pay for it. Our challenge is now working out the best ways to provide more people with access to this technology in different development contexts, and we have begun by offering solar upgrades as an optional extra to all of our masterplanned communities customers. Apartment customers have also been given the chance to benefit from renewables, with solar offered to a small number of residents at Ascot Green in Brisbane and Marrick & Co in Sydney. Meanwhile, in Western Australia, solar is improving community spaces, powering Wi-Fi enabled park benches across several locations.

Pioneering a collaboration with the Clean Energy Finance Corporation (CEFC)

The CEFC is a government organisation dedicated to funding energy efficiency projects, and in an Australian-first, the CEFC has agreed to provide \$90 million to fund three of Mirvac's upcoming masterplanned communities projects in New South Wales and Queensland. This investment will enable Mirvac to construct these developments at a lower cost, with the amount saved to be directed towards clean energy initiatives. We anticipate the CEFC partnership will enable us to install solar and battery technology in around 300 homes, along with features we include as standard, such as LED lighting.



SUSTAINABILITY

BUILD-TO-RENT: THE START OF A NEW SECTOR



In Australia, renters now make up a large proportion of the population, with the demographic of renters having changed dramatically. Recognising an opportunity to help meet the evolving needs of our customers, we were thrilled to launch the Australian Build to Rent Club (ABTRC or the club) in July this year, with the CEFC committing to a 30 per cent interest as a cornerstone investor.

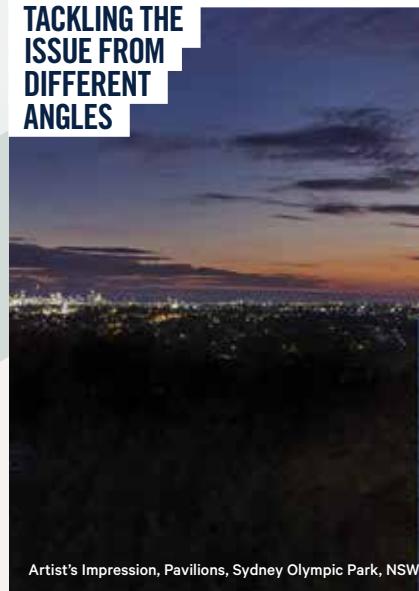
The seed asset for the club, and our first purpose-built build-to-rent asset, will be Indigo at Mirvac's Pavilions project at Sydney Olympic Park in NSW, Mirvac's fourth building in the precinct.

With a customer-first focus, Mirvac is committed to offering an exceptional rental experience at Indigo, with dedicated on-site leasing and concierge, high-quality amenity, a resident program, and leading sustainability features. Mirvac will act as the development, investment and property manager.

The club will not only provide renters with better choice, better quality and better security of tenure, it introduces a new asset class and customer base for Mirvac. Indigo is due for completion in FY21, and we are proud to be pioneering this new sector in Australia.

AFFORDABILITY:

TACKLING THE
ISSUE FROM
DIFFERENT
ANGLES



Affordability continues to be an issue in some parts of Australia, particularly in Sydney and Melbourne, and we are harnessing our skill set and expertise in the industry to do what we can to address the issue. We remain committed to ensuring the homes we deliver are more affordable for our customers to maintain by using high-quality materials and investing in cutting-edge, sustainable construction technology.

Our House with No Bills is one of the most innovative projects we're undertaking, with the ultimate aim – to reduce utility bills (while reducing our reliance on energy).

Designed to deliver real-life insight into affordable living, construction on the House with No Bills home has now been completed with a family of four selected to live in the house, rent and bill free, for a 12-month period, giving us the chance to see how our carefully designed pilot home works in action. The house features an array of cost-saving sustainability elements, and its sensors, which track how the space is used, will provide us with good insights into how we can offer these features more widely.

We have engaged the Cooperative Research Centre for Low Carbon Living to extract and analyse data from the house, interview the tenants and provide monthly reports. We look forward to publishing these throughout the next year – and we have also begun to plan a second House with No Bills experiment that takes even more facets of affordability into account.

Rolling out The Right Start

In FY17, we trialled The Right Start at the Pavilions, Sydney Olympic Park, NSW. This involved offering 65 homes exclusively to first home buyers and allowing them to exchange with a 5 per cent deposit. Following the success of the trial, we extended The Right Start throughout FY18 at The Finery, St Leonards Square and Marrick & Co in Sydney; Yarra's Edge and Tullamore in Melbourne; and Compass at Leighton Beach in Perth. While the government's First Home Buyers Grant offers rebates on properties under \$600,000, we recognised that many first time buyers need more room, especially if they have a family. With this in mind, we gave first home buyers the equivalent of this grant (\$10,000) if they were purchasing a property over the threshold – meaning they effectively did not miss out on the added support.

Working with Western Australia's Department of Community

We're actively aware of the need to provide more affordable housing for key workers, and through a partnership with the Department of Communities, we've worked with builders to develop house and land packages at our masterplanned communities, Osprey Waters and Baldivis, that specifically address the needs of key workers within the community. These are then sold directly to the Department of Communities, who make them more accessible to key workers with Keystart lending (low deposit loans and shared equity schemes).

We've also focused on developing a diverse range of property types, such as compact, high-amenity terraces in Western Australia – which are more affordable than our standard free-standing homes and cater to the needs of first home buyers who are price-conscious, but still need more than a one-bedroom apartment.

OUR PEOPLE



PEOPLE &
LEADERSHIP

We put our people first, and we recognise our business wouldn't be where it is today without them. Not only do they define the culture we live by, their diverse capabilities enable us to deliver quality outcomes for our customers and achieve our business results. While we thought it may be hard to improve on last year's 88 per cent employee engagement survey score, FY18 saw us achieve an impressive 90 per cent, providing clear-cut feedback from our people about what it is like to work at Mirvac and demonstrating that high engagement underpins our success.

Mirvac's approach to people leadership has always encompassed a strong emphasis on safety where we've achieved consistently strong results. In FY18, we broadened our health and safety scope once again – this time, placing greater focus on the health and wellbeing of our people. Launched in August 2017, our new HSE strategy, *Thrive*, has already had an impact on our teams, and thanks to a health and wellbeing council, we've seen great engagement in our initiatives. This included the Virgin Pulse Global Challenge, a worldwide initiative that encourages active lifestyles. It is our hope that by building a healthier, happier and more resilient workforce, we can realise the true potential of our people, and contribute to a healthier society.

We also continued with our focus on diversity and inclusion, recognising that to perform at our peak we need to embrace and support different voices and perspectives, including from different genders, cultures and backgrounds. Our efforts were once again recognised during the financial year, with the Workplace Gender Equality Agency naming us an Employer of Choice for the fourth consecutive year, and Direct Advice for Dads and Core Data identifying Mirvac as one of Australia's leading employers for fathers. Our employees tell us that our ongoing commitment to flexibility through initiatives like My Simple Thing has played a big part in helping us achieve these results.





OUR PEOPLE
DEFINE THE
CULTURE
WE LIVE BY

Refreshing our values

Culture plays a key role in our success, and this year we undertook some work to examine what qualities underpin our culture. We spoke to 150 people across the business, to define what qualities are critical to us delivering on our purpose and strategy. The results were surprisingly consistent, resulting in six truths that we have since relaunched as our refreshed values.

We're confident that they are authentic for leaders, managers and employees:

- We put people first
- We're passionate about quality and legacy
- We collaborate
- We're curious and bold
- How we work matters
- We're genuine and do the right thing.

Our values also shape how we strive to create great experiences and great outcomes for our customers, communities and stakeholders. The high performance expected of our employees is equally balanced between what they deliver and how they apply the values in delivering outcomes. We have also developed a risk culture index and measured our effectiveness in identifying and managing risk through our employee engagement survey, which provides valuable insights for our Board and executive teams to ensure that our appetite for risk is held in balance through strong governance.

Virgin Pulse

The first program run under our new HSE strategy, Thrive, was Virgin Pulse, a global initiative that challenges participants to complete 10,000 steps a day for 100 days. The overall goal is to improve activity levels, health and wellbeing. Almost half of Mirvac's workforce took part, including those based in our offices, retail centres and those on construction sites.

We had a fantastic end result, coming first globally in the property and real estate category, and second across all industries in the Asia Pacific region. We also saw a noticeable improvement in our employees' activity over the course of the challenge. By the end of Virgin Pulse, 65 per cent of our people were completing 10,000 steps a day, up from 20 per cent at the start; 60 per cent reported an improvement in concentration and productivity; and 25 per cent reported an improvement in their own happiness.

Uncapped volunteering leave

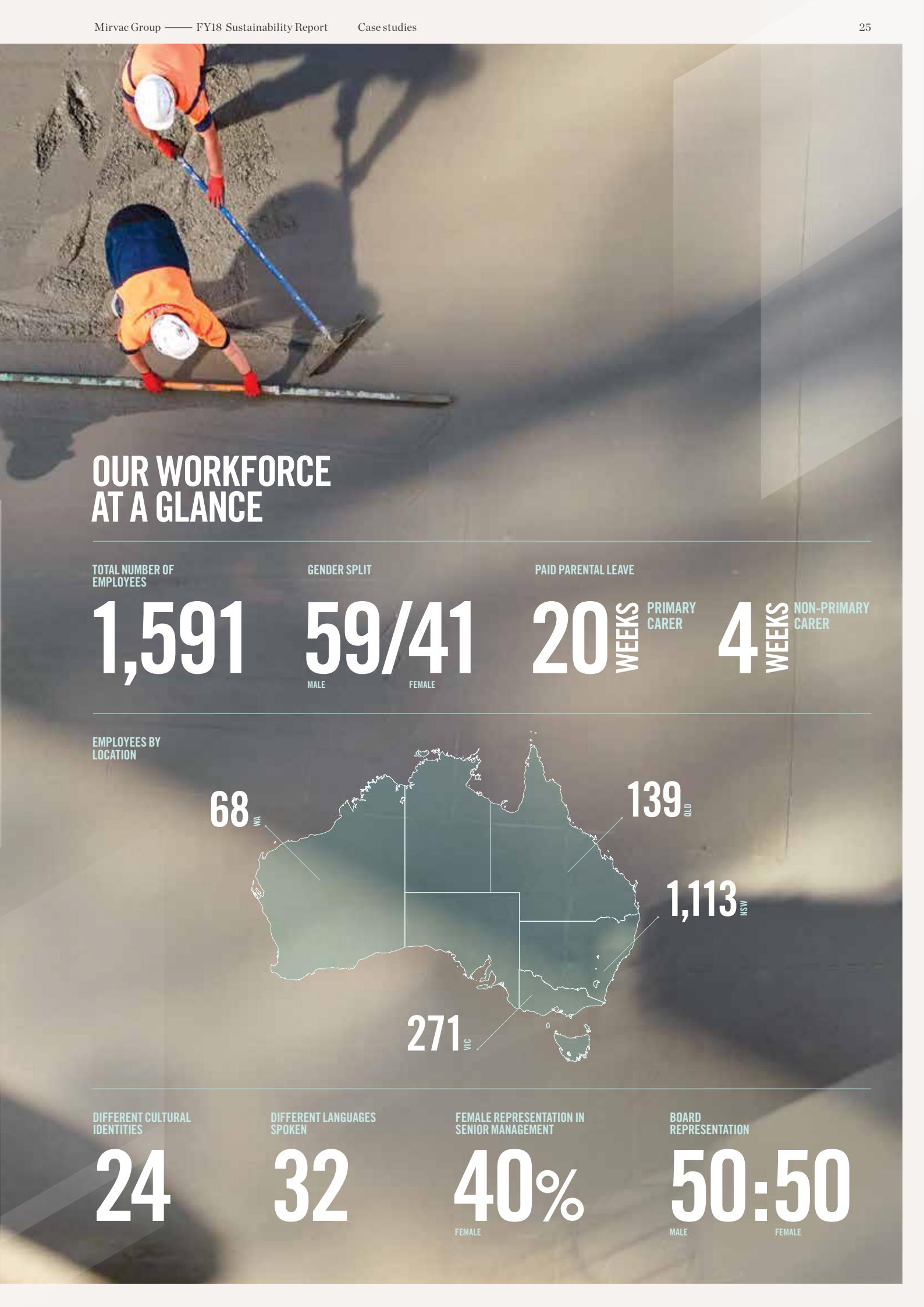
As well as our commitment to triple our community investment by 2022, and invest \$100 million in the social sector by 2030, we have lifted the cap on paid volunteering leave we offer to our employees. From later this year, our employees will have unlimited volunteering leave with their manager's approval. Mirvac employees already volunteer at twice the rate of our industry peers in Australia and New Zealand, and we are looking forward to seeing what more they can contribute to social cohesion through this substantial commitment.

The Hatch team has already begun to use their volunteering leave in creative ways, having run a free innovation and ideation session for Think Pink, a Victorian not-for-profit dedicated to supporting women who are fighting breast cancer. Mirvac has a long-standing relationship with Think Pink, tracing back to 2010 when we provided our support in the creation of The Living Centre. The Living Centre is a state-of-the-art wellness facility dedicated to providing emotional, practical and physical support to those diagnosed with breast cancer, free of charge. When Mirvac's employees volunteered at The Living Centre as part of last year's National Community Day, they learned that Think Pink were finding fundraising a real challenge. Held in May, our Hatch session generated over 100 ideas for Think Pink, which we narrowed down and are now helping to action. It was great to apply the Hatch process to help a community partner in this way, giving them access to ideas they may not have otherwise encountered.

"Culture can be a lead indicator of the sustainable performance of the business. It's important to understand the DNA of your culture, and then build on that."

Chris Akayan, Head of Culture & Reputation



A photograph showing two construction workers in orange safety vests and hard hats pouring concrete from a large drum onto a prepared base. One worker is kneeling, holding a long blue pole, while the other stands behind him. The scene is outdoors under a clear sky.

OUR WORKFORCE AT A GLANCE

TOTAL NUMBER OF
EMPLOYEES

1,591

GENDER SPLIT

59/41

MALE

FEMALE

PAID PARENTAL LEAVE

20 WEEKS

PRIMARY
CARER

4 WEEKS

NON-PRIMARY
CARER

EMPLOYEES BY
LOCATION

68

WA

139

QLD

1,113

NW

271

VIC

DIFFERENT CULTURAL
IDENTITIES

24

DIFFERENT LANGUAGES
SPOKEN

32

FEMALE
REPRESENTATION IN
SENIOR MANAGEMENT

40%

BOARD
REPRESENTATION

50:50

MALE

FEMALE



SAFETY

Safety

Mirvac's thorough and proactive approach to safety resulted in another year of positive results in FY18. We have seen steady improvement of both the lost time injury frequency rate (LTIFR) and the total recordable injury frequency rate (TRIFR) over the past five years. Our LTIFR this financial year of 1.3 is our lowest on record. This year we also began to focus more on critical risks and near misses, identifying and addressing events that are low in frequency but can be very high in impact. To help us learn how to do this effectively, we have implemented a new 'event learning culture', which involves delivering targeted training and incident review boards to ensure we embed learnings across the Group. We have also introduced a Critical Injury Frequency Rate (CIFR) to strengthen our focus on our most critical risks and near misses.

We have also completed an audit of our group safety systems, and have begun rolling out our new Mirvac Minimum Requirements (MMR).

The MMR identify what is essential in how works and services are performed at any workplace under the management and control of a Mirvac entity, including the obligations of our contractors. The goal is to consistently manage critical risk across all parts of the business.

Designing out our risk (DOOR)

Another key achievement in FY18 was the enhancement of our DOOR process. DOOR establishes a framework for identifying hazards and risks that can be resolved through design solutions, as well as identifying design opportunities. It is underpinned by a recognition that good design work gives the highest level of protection, so far as is reasonably practicable, and applies to internal or external design work.

Non-compliant building materials

We are committed to ensuring our building materials and operations are safe for our people, our customers and the public, and we proactively assess the materials used in all our residential, retail, office and industrial buildings through a dedicated building materials working group. We have also developed a materials database, which is included in project delivery plans to help us identify and eradicate any problem materials prior to construction.



HSE STATISTICS IN FY18

INDICATOR	2016	2017	2018	TARGET
Workplace culture Demonstrate commitment to HSE with active participation by senior executives (HSE leaders program)	130%	134%	211%	100%
Mirvac Group LTIFR (service providers and employees)	2.2	2.6	1.3 ✓	<2.5
Incident reporting promote timely reporting of workplace incidents	17hrs	14.3hrs	21hrs	<24hrs
Workers compensation claim count	20	22	22	N/A
Induction training for new starters	99.9%	99.9%	99.7%	100%
Fatalities	0	0	0 ✓	0

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



PEOPLE &
LEADERSHIP

Diversity & Inclusion

Progressing our RAP

Since it officially launched in July 2017, our Reconciliation Action Plan (RAP) has given us a platform from which to build stronger relationships with Indigenous Australians, and create greater respect and opportunities. The plan is led by a diverse internal RAP working group, all of whom share a desire to support reconciliation. To promote greater respect, the RAP group has received targeted training around cultural awareness, which we intend to roll out across the business. And to drive opportunities, we have continued our partnership with Career Trackers to provide three internships for interns with Indigenous backgrounds. Our relationship with Supply Nation is also growing stronger, and they have provided us with a list of certified indigenous businesses who we plan to involve in future tenders. In FY18, we procured over \$2.3 million in goods and services from Indigenous businesses, up from \$404,540 in FY17, and we are looking forward to seeing that number grow as part of our target to invest \$100 million in the social sector by 2030.

Redefining parental leave

Raising children is a task often shared by two parents, so in December 2017 we updated our parental leave policy in recognition of this. Now, carers receive 20 weeks of paid shared care leave (compared to an industry standard of 14–16 weeks), and partners receive four weeks (double the industry standard). This can be taken flexibly, and we also pay super on the unpaid component of parental leave.

White Ribbon accreditation

In early 2018, Mirvac became the first Australian property developer to become accredited as a White Ribbon workplace. The accreditation builds on our existing diversity and inclusion initiatives, and helps us to strengthen our culture of respect and gender equality at all levels.

The process to become accredited was thorough, and has led to us incorporating new benefits and services for our people. This includes providing 10 days paid leave when someone experiences family or domestic violence, as well as financial support. We also provide a specialist service through our existing Employee Assistance Program, flexible return to work options, and have delivered comprehensive training to all managers and our Board on how to refer victims of domestic violence to appropriate support. For further information, visit whiteribbon.org.au.



"It really comes down to business being a force for good – recognising that yes, we are for profit, but we are also for purpose. You don't have to do one or the other; you can do both and you should do both."

**Susan Lloyd-Hurwitz,
CEO & Managing Director**

Trusted stakeholder partnerships

Mirvac collaborates with a broad range of people and organisations in order to deliver our best work, and we engage with each group in a way which suits their needs. With trust in institutions at a low point, and expectations of businesses growing in response, effective stakeholder engagement becomes even more critical.

It is more important than ever to be transparent, to work together on shared goals, to engage regularly and proactively, and to use our partnerships to unlock tricky challenges for both parties. We want to better understand what it is like to work with Mirvac as a partner,

so that we can keep doing what's right, and make improvements where they will make a meaningful difference.

To gain real insight into the kind of partner we are for our stakeholders, and what they expect from us, we carried out an in-depth reputation research project in FY18.

The results show that strong leadership from Mirvac is driving a high-performing score on reputation and trust, which importantly is balanced equally between our character and our capability. This is particularly pleasing given this is the standard to which we hold our employees in high performance.

Our key stakeholders have given clear advice where we should direct our energies in order to maintain quality relationships with them. As a result, our focus will be to take an even more customer-centric approach to our top customers, coordinated by our executive team, and supported by experts across our business. In addition, we will be responding to our stakeholders' interest in our purpose, sustainability strategy, our culture and our innovation program, by facilitating even more ways in which our expertise may help to solve challenges we have in common.