

MIRVAC DEVELOPMENT FUND MEADOW SPRINGS

INVESTOR UPDATE - SEPTEMBER 2016

MIRVAC DEVELOPMENT FUND - MEADOW SPRINGS (THE "FUND" OR THE "PROJECT") WAS ESTABLISHED IN 2006 TO PROGRESSIVELY DEVELOP AND SELL 631 LOTS (NOW 648 LOTS) IN SEVEN STAGES (STAGE 17 AND STAGES 19 TO 24) WITHIN THE MEADOW SPRINGS ESTATE (LOCATED IN MANDURAH, WESTERN AUSTRALIA) INTO RESIDENTIAL, COMMERCIAL AND GROUP HOUSING LOTS.

FINANCIAL OVERVIEW

At 30 September 2016, the Fund's forecast outcomes for the life of the Fund including net profit after tax and Internal Rate of Return ("IRR") remained stable during the quarter at \$4.6 million (June 2016: \$4.6 million) and 3.9 per cent (June 2016: 3.9 per cent), respectively.

KEY FORECAST FINANCIAL INDICATORS FOR THE LIFE OF THE FUND	30/09/2016	30/06/2016	18/05/2006
Forecast net profit after tax (\$000)	4,551	4,551	9,403
Forecast pre-tax return per dollar invested (\$)	1.35	1.35	1.71
Forecast annualised pre-tax Investor Internal Rate of Return ("IRR") (%) ¹	3.9	3.9	18.6

¹ The profit from the Fund is subject to company tax (currently 30 per cent). The Fund will receive franking credits for the amount of tax paid and these may be passed back to Investors by way of franking tax-offset. Where the Fund pays franked distributions, Investors will receive a franking tax offset equal to the franking credit. Where the Fund pays unfranked distributions, Investors are assessed on the unfranked distributions and there is no franking credit available. The after tax return for Investors will be dependent on Investors' individual taxation circumstances. Investors should seek their own financial and/or taxation advice.

DEVELOPMENT OPERATIONS REVIEW

Sales, stock and activity for the Fund are as follows:

	TOTAL NUMBER OF LOTS	CONTRACTS SETTLED TO DATE	CONTRACTS EXCHANGED TO DATE
Stage 17	43	43	43
Stage 19	112	112	112
Stage 20	106	106	106
Stage 21	102	97	97
Stage 22	82	82	82
Stage 23	95	94	94
Stage 24	108	108	108
Total	648	642	642²
Value (\$m)		124.7	124.7

During the September quarter, one settlement was achieved with five lots being subject to contracts where purchasers are proceeding to satisfy finance conditions, leaving one lot to sell and settle to complete the Meadow Springs project as at 30 September 2016.

With market conditions continuing to remain depressed in the Perth market, the final settlements and the project's completion date is now expected to occur in the first quarter of 2017.

² Contracts exchanged include all unconditional contracts for current and future lots.

INVESTMENT TIME FRAME, LIQUIDITY AND DISTRIBUTIONS

TIMEFRAME

With settlements expected early in the New Year, Management continues to work through the realisation of all assets to enable commencement of the termination/wind-up process of the Fund in due course.

As outlined in the Product Disclosure Statement dated 18 May 2006, there is no redemption or exit facility offered during the life of the Fund.

DEBT MANAGEMENT

The Fund's loan facility was repaid in full on 31 December 2013 and expired on 30 June 2014.

DISTRIBUTIONS

The current forecast total return³ to Investors remained steady at \$1.35 per \$1.00 invested (30 June 2016: \$1.35). The forecast total return is based on the estimated assumptions at 30 September 2016 and is subject to certain risks and sensitivities. Although all care is taken to ensure that the total return forecasts made are reasonable, Mirvac Funds Management Limited ("MFML") does not guarantee that the forecast total return will be achieved.

The Fund declared a distribution of 18.0 cents per unit which was paid to investors on 4 November 2016. Distributions paid from the Fund since inception to date total \$1.136 per unit⁴ being a combination of income and capital returns.

Once all remaining lots are realised and provision for residual expenses and contingencies are provided allowing the Fund to be terminated and eventually wound-up, a final distribution will be determined and paid. As outlined in correspondence accompanying the recent distribution payment, this final capital return is forecast to be up to 6.5 cents per unit. The final capital return is subject to the realisation of all the Fund's property assets and payment of the Fund's liabilities. The amount provided as the expected final capital return should be used as a guide only.

Termination and wind-up of the Fund is expected to take place as soon as practical after the payment of the final distribution is made.

VALUATIONS

General information on the Fund's carrying value of inventory is contained in the Fund's Annual Financial Report for the year ended 30 June 2016, which is available at www.mirvac.com/mdfms.

KEY FINANCIAL INFORMATION

KEY BALANCES	30/09/2016	30/06/2016
Total assets (\$m)	4.5	4.7
Borrowings (\$m)	Nil	Nil
Net tangible assets (NTA) (\$)	0.08	0.26
Distributions declared (before franking credits) (\$) per unit	0.18	Nil

FINANCIAL INFORMATION	YTD 30/09/2016	FUND TO DATE
Sales (\$'000)	172	115,102
Cost of sales (\$'000)	(171)	(98,089)
Net operating expenses (\$'000)	(41)	(9,710)
Net income before tax (\$'000)	(40)	7,303

3 Total return for the Fund is net profit after tax, plus return of capital net of issue costs, adjusted for franking credits entitlements.

4 Per \$1.00 invested.

INVESTOR INFORMATION

ONGOING COMMUNICATION

The Fund has made its communications available online. Ongoing communication and information relating to the Fund will be updated via the Fund's website at www.mirvac.com/mdfms.

The Fund's website contains general information on the Fund, such as inventory portfolio details, distribution information, news and reports. Investors may also log in to the Investor Information area to access a variety of information on their holding. Once logged in, Investors can:

- > change communication preferences;
- > check holding balances;
- > access security prices;
- > check payment history;
- > view transactions; and
- > check account details.

Visit www.mirvac.com/mdfms for more information.

COMPLAINTS

MFML has an established policy for dealing with complaints. Investors wishing to lodge a complaint should write to:

Mirvac Development Fund – Meadow Springs
Link Market Services Limited
PO Box 3271, Rhodes NSW 2138

or

Funds Administrator
Mirvac Group
Level 28, 200 George Street, Sydney NSW 2000

MFML is a member of an independent dispute resolution service, the Financial Ombudsman Service.

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If you no longer wish to receive material from the responsible entity, you may contact Mirvac at:

Mirvac Privacy Officer
Level 28, 200 George Street, Sydney NSW 2000
Telephone: + 61 2 9080 8000

ASIC RG46 – ENHANCED DISCLOSURE

In March 2012, ASIC released an update to their Regulatory Guide 46 – Unlisted Property Schemes: Improving Disclosure for Retail Investors ("RG46"). RG46 sets eight disclosure principles and six benchmarks in relation to those principles for unlisted property schemes, such as Meadow Springs, which MFML is required to include in ongoing disclosures to Investors. These disclosures are available through the Fund's website at www.mirvac.com/mdfms and are updated bi-annually for 30 June and 31 December.

IMPORTANT NOTICE

This Update has been prepared by Mirvac Funds Management Limited ("Mircvac") (ABN 78 067 417 663, AFSL number 220718) as the responsible entity of the Mirvac Development Fund – Meadow Springs (ARSN 119 435 942) ("Fund").

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BOARD OF DIRECTORS

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