Explanatory Memorandum

in relation to a recommended acquisition of James Fielding Group by Mirvac Group

12 November 2004

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

via a scheme of arrangement between

James Fielding Holdings Limited
ABN 39 093 200 965

and

the holders of ordinary shares in
James Fielding Holdings Limited

and a meeting of the holders of units in

James Fielding Trust
ARSN 089 988 296

and a general meeting of the holders of ordinary shares in

James Fielding Holdings Limited

The notices of meetings are set out in Annexures 3, 4 and 5 of this Explanatory Memorandum.

Explanatory Memorandum – acquisition of James Fielding Group by Mirvac Group – November 2004

JAMES FIELDING GROUP

JAMES FIELDING GROUP

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Proposal highlights

The JFG Directors believe the Proposal provides the following advantages:

Financial advantages	Strategic advantages
– Increased distributions for financial year ending 30 June 2005	– Enhanced growth opportunities
– Increased frequency of distributions	– Greater funding flexibility
– Potential lower cost of capital	– Enhanced geographic, asset and business diversification
– Increased market capitalisation and index weighting	– Increased liquidity
	– Expanded management team

You should read this Explanatory Memorandum carefully. Section 4 sets out the advantages and disadvantages of the Proposal. Section 5.9 sets out the Risk Factors associated with investing in Mirvac Securities.

Key dates

Wednesday, 15 December 2004	Latest date for receipt of proxy forms or powers of attorney for the Meetings – by 11.00 am for the Share Scheme Meeting, 11.30 am for the Unit Scheme Meetings, 11.45 am for the General Meeting.
Wednesday, 15 December 2004, 7.00 pm	Date and time for determining eligibility to vote at the Meetings.
Friday, 17 December 2004, from 11.00 am	JFG Meetings to be held.
Monday, 20 December 2004	Court hearing for approval of the Share Scheme. Notify ASX of intention to lodge Court order.
Wednesday, 29 December 2004 (Effective Date)	Lodge Court order with ASIC and announce to ASX. JFG Securities cease trading at close of trading on ASX. Latest date to receive Election Form for Cash Out Facility and Security Sale Facility.
Thursday, 30 December 2004	New Mirvac Securities commence trading on a deferred settlement basis.
Thursday, 6 January 2005, 7.00 pm (Record Date)	Record Date and time for determining entitlements to Scheme Consideration.
Friday, 7 January 2005 (Implementation Date)	Mirvac issues New Mirvac Securities.
Thursday, 13 January 2005	Despatch of holding statements for New Mirvac Securities to Scheme Participants. Deferred settlement trading in New Mirvac Securities ends.
Friday, 14 January 2005	Trading of New Mirvac Securities on a normal settlement basis commences on ASX.

- All dates following the date of the Meetings are indicative only and, among other things, are subject to all necessary approvals from the Court and other Regulatory Authorities. Any changes to the above timetable will be announced through ASX and notified on JFG's website at www.jamesfielding.com.au.
- All references to time in this Explanatory Memorandum are references to AEDST.

Important notices

What is this document?

This document provides JFG Securityholders with details of the recommended acquisition of JFG by Mirvac. As discussed below this is the explanatory statement for the scheme of arrangement between JFH and the holders of its ordinary shares for the purposes of section 412(1) of the Corporations Act. It is also the product disclosure statement issued by Mirvac RE, as responsible entity of the Mirvac Trust, under part 7.9 of the Corporations Act for the issue of New Mirvac Units. The explanatory statement and the product disclosure statement are combined into this single disclosure document for the Proposal in accordance with the terms of an exemption and modification which was granted by the Australian Securities and Investments Commission on 28 October 2004, as discussed in section 12.10(f).

No investment advice

The information contained in this Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to your particular investment objectives, financial situation, taxation position and particular needs. It is important that you read the Explanatory Memorandum in its entirety before making any investment decision and any decision on how to vote on the Resolutions. If you are in any doubt in relation to these matters, you should consult your investment, financial, taxation or other professional adviser.

Regulatory information

This Explanatory Memorandum is dated 12 November 2004 and is the explanatory statement for the scheme of arrangement between JFH and the holders of its ordinary shares for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Share Scheme is included in this Explanatory Memorandum as Annexure 2. A copy of this Explanatory Memorandum was lodged with ASIC on 12 November 2004 for registration by ASIC under section 412 of the Corporations Act and will be registered by ASIC under that section before it is sent to JFG Securityholders. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Share Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Court hearing to approve the Share Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

Mirvac RE, as the responsible entity of the Mirvac Trust, is the issuer of New Mirvac Units which are part of the New Mirvac Securities. This Explanatory Memorandum is also a product disclosure statement issued by Mirvac RE, as the responsible entity of the Mirvac Trust, under Part 7.9 of the Corporations Act for the New Mirvac Units. The product disclosure statement is dated 15 November 2004 and was lodged with ASIC on that date. JFG Securityholders should consider this product disclosure statement for the New Mirvac Units in deciding whether to vote in favour of the Resolutions.

A copy of this Explanatory Memorandum has been provided to ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Explanatory Memorandum.

Responsibility statement

The information concerning JFG and the intentions, views and opinions of JFG and its directors contained in this Explanatory Memorandum has been prepared by JFG and its directors and is the responsibility of JFG. Mirvac and its directors and officers do not assume any responsibility for the accuracy or completeness of any such JFG information.

The information concerning Mirvac and the intentions, views and opinions of Mirvac and its directors contained in this Explanatory Memorandum has been prepared by Mirvac and its directors and is the responsibility of Mirvac. JFG and its directors and officers do not assume any responsibility for the accuracy or completeness of any such Mirvac information.

The information concerning Mirvac following implementation of the Proposal has been prepared by Mirvac based on information provided by Mirvac and JFG to each other. Mirvac has compiled the pro forma Statement of Financial Position of Mirvac following implementation of the Proposal, which is included in Section 5.4. Subject to JFG taking responsibility for the information which JFG has provided to Mirvac for this purpose, Mirvac takes responsibility for the information concerning Mirvac and the pro forma Statement of Financial Position of Mirvac following implementation of the Proposal.

Deloitte Corporate Finance Pty Limited has prepared the Independent Expert's Report in relation to the Proposal contained in Section 7 and takes responsibility for that report.

PricewaterhouseCoopers has prepared the report on the taxation implications of the Proposal in Section 8 and takes responsibility for that report.

Forward-looking statements

This Explanatory Memorandum contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Explanatory Memorandum reflect the current expectations of JFG and Mirvac concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words and phrases. Similarly, statements that describe JFG's or Mirvac's objectives, plans, goals or expectations are or may be forward-looking statements.

The statements contained in this Explanatory Memorandum about the impact that the Proposal may have on the results of Mirvac's operations and the advantages and disadvantages expected to result from the Proposal, are also forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Mirvac's actual results, performance or achievements following implementation of the Proposal to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by these forward-looking statements.

The operations and financial performance of JFG and Mirvac are subject to various risks that are summarised in this Explanatory Memorandum and which may be beyond the control of JFG and/or Mirvac. As a result, Mirvac's actual results of operations and earnings following implementation of the Proposal, as well as the actual advantages of the Proposal, may differ significantly from those that are expected in respect of timing, amount or nature and may never be achieved.

The Risk Factors described in Section 5.9 could affect future results of Mirvac following implementation of the Proposal, causing these results to differ materially from those expressed, implied or projected in any forward-looking statements. These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on future results of Mirvac following implementation of the Proposal. The forward-looking statements included in this Explanatory Memorandum are made only as of the date of this Explanatory Memorandum. JFG and Mirvac cannot assure you that projected or implied results or events will be achieved.

You should review carefully all of the information in this Explanatory Memorandum.

All subsequent written and oral forward-looking statements attributable to JFG or Mirvac or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under ASX Listing Rules or the Corporations Act, and except as set out in Section 12.10(a), JFG and Mirvac do not give any undertaking to update or revise any such statements after the date of this Explanatory Memorandum to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Foreign Securityholders

If you are a Foreign Securityholder you may not be able to receive New Mirvac Securities. Foreign Securityholders should refer to Section 9.4.

Privacy

JFG and Mirvac may collect personal information in the process of implementing the Proposal. Such information may include the name, contact details and security holdings of JFG Securityholders and the name of persons appointed by those persons to act as a proxy, corporate representative or attorney at the Meetings. The primary purpose of the collection of personal information is to assist JFG and Mirvac to conduct the Meetings and implement the Proposal. Personal information of the type described above may be disclosed to the share and unit registries of JFG and Mirvac respectively, print and mail service providers, authorised securities brokers, related bodies corporate of JFG and Mirvac, and the Sale Broker and its related bodies corporate. JFG Securityholders have certain rights to access personal information that has been collected. JFG Securityholders should contact the JFG Registry in the first instance, if they wish to access their personal information. JFG Securityholders who appoint a named person to act as their proxy, corporate representative or attorney should ensure that they inform that person of these matters.

Defined terms

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in Section 13.

Letter to investors

James Fielding Advisory Pty Limited – Licensed Real Estate Agent ABN 54 096 139 356
James Fielding Capital Pty Limited ABN 90 107 030 222
James Fielding Developments Pty Limited ABN 85 093 752 857
James Fielding Funds Management Limited ABN 78 067 417 663
James Fielding Holdings Limited ABN 39 093 200 965
James Fielding Investments Pty Limited ABN 86 093 644 252
James Fielding Property Services Pty Limited ABN 30 097 636 587
James Fielding Services Pty Limited ABN 31 093 200 929
JF Meridian Management Limited ABN 70 002 060 228

JAMES FIELDING GROUP

12 November 2004

Dear Investor

On 12 October 2004 Mirvac announced the recommended acquisition of the James Fielding Group.

Mirvac is a leading diversified property group listed on ASX with a market capitalisation of $3.4 billion. Mirvac is active in property investment and management, property development and hotel management. Established in 1972, Mirvac has more than 30 years experience in the property industry and has a reputation for delivering quality product and services across all of its businesses.

The proposed acquisition by Mirvac offers JFG, as part of Mirvac, access to a significantly larger balance sheet, more attractive funding options and a broader operating platform that will facilitate growth and enhance JFG's ability to capitalise on existing and future projects.

The businesses of Mirvac and JFG are highly complementary, with little duplication.

After the Proposal is implemented, Greg Paramor, JFG's current managing director, will be invited to join the board of Mirvac and become managing director of Mirvac. Nicholas Collishaw, an executive director and head of property of JFG, will be appointed as chief executive officer of Mirvac's Investment division. Two of JFG's non-executive directors, James MacKenzie and Richard Turner, will also be invited to join the Mirvac board of directors.

Advantages of the Proposal

Key advantages of the Proposal for JFG Securityholders include:

- an investment in Mirvac which will provide the financial strength to capitalise on existing projects and seek out future growth opportunities;
- enhanced geographic, asset and business diversification;
- potential lower cost of capital;
- greater funding flexibility through improved access to debt and equity markets;
- an equivalent distribution of 12.56 cents per JFG Security for the six months ending 30 June 2005, a 2.5 per cent increase over JFG's distribution forecast of 12.25 cents per JFG Security for the six months ending 30 June 2005. JFG Securityholders will therefore receive an equivalent total forecast distribution of 24.81 cents for the financial year ending 30 June 2005, a 4.2 per cent increase over the distribution of 23.8 cents per JFG Security for the financial year ending 30 June 2004;
- increase in frequency of distributions from half yearly to quarterly;
- increased market capitalisation and index weighting;
- increased liquidity; and
- continuity of current JFG senior management with Mirvac and expanded management teams.

What will JFG Securityholders receive if the Proposal is implemented?

Under the Proposal, JFG Securityholders will receive 0.73 New Mirvac Securities for every JFG Security held on the Record Date. Mirvac's offer represents an implied acquisition price of $3.33 per JFG Security, based on Mirvac's closing price of $4.56 on 11 October 2004, the day prior to the announcement of the Proposal. This represents a 6 per cent premium to JFG's closing price of $3.13 on 11 October 2004 and a 38 per cent premium to JFG's NTA of $2.41 per JFG Security at 30 June 2004. Further details of the Scheme Consideration and how the Proposal will be implemented are set out in Section 10.1(h).

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JAMES FIELDING GROUP

As part of the Proposal, a Cash Out Facility is being made available to JFG Securityholders who elect to participate. The price being offered under the Cash Out Facility for New Mirvac Securities is equivalent to $3.33 per JFG Security. The maximum number of New Mirvac Securities that can participate in the Cash Out Facility is 10,960,960 New Mirvac Securities (equivalent to 15,015,015 JFG Securities on the basis of the exchange ratio that applies under the Schemes). There is also a Security Sale Facility available. The price per New Mirvac Security under the Security Sale Facility is not fixed but will be determined by market forces. This amount may be higher or lower than that available under the Cash Out Facility. Details of the Cash Out Facility and Security Sale Facility are set out in Section 9.

Independent Expert

Deloitte Corporate Finance Pty Limited has prepared an Independent Expert's report to assist JFG Securityholders in assessing the merits of the Proposal, and has concluded that the Proposal is in the best interest of JFG Securityholders. Their report, including the reasons for their opinion, is set out in full in Section 7.

Your vote is important

The Proposal involves a Court approved Share Scheme, a Unit Scheme and JFG Securityholder approvals.

There are three Meetings necessary to implement the Proposal. These Meetings will be held from 11.00 am on Friday, 17 December 2004 at Rydges Jamison, 11 Jamison Street, Sydney.

JFG Securityholders are encouraged to attend the Meetings and vote in favour of the Resolutions. You may also vote by returning the enclosed proxy forms to the address on the forms. Proxy forms must be received by no later than 11.00 am on Wednesday, 15 December 2004.

We encourage all JFG Securityholders to consider the enclosed information carefully and seek their own investment, financial and taxation advice on the Proposal.

Recommendation by JFG Directors

The JFG Directors have considered the advantages and disadvantages of the Proposal and believe that the Proposal is in the best interest of JFG Securityholders, in the absence of a superior proposal.

The JFG Directors unanimously recommend that JFG Securityholders vote in favour of the Resolutions, in the absence of a superior proposal.

Each JFG Director who holds JFG Securities, or on whose behalf JFG Securities are held, intends to vote in favour of the Resolutions.

Further Information

If you have any questions in relation to the Proposal, please contact the JFG Information Line on 1800 137 835 or visit the JFG website at www.jamesfielding.com.au.

Our fellow JFG Directors and the team at JFG are enthusiastic about the potential rewards that the Proposal provides JFG Securityholders and we look forward to your support.

Yours sincerely

James MacKenzie
Chairman

Greg Paramor
Managing Director

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1 Key features of the Proposal

1.1 Strategic rationale

The strategic rationale for the Proposal is to bring together two culturally aligned organisations whose operations complement each other. This combination will deliver a stronger and more diversified property investment to securityholders of both Mirvac and JFG, and is intended to improve the ability of both Mirvac and JFG to maximise future returns to their securityholders.

The Proposal provides JFG with access to a significantly larger balance sheet, more attractive funding options and a broader operating platform which will enhance JFG's ability to capitalise on its existing projects. It also provides Mirvac with an increased investment (non-residential) development pipeline and an established external funds management business. This opens up a new range of opportunities and provides Mirvac with greater flexibility in terms of accessing, holding, managing and funding property related opportunities.

1.2 The Scheme Consideration

Under the terms of the Proposal, JFG Securityholders will receive 0.73 New Mirvac Securities, which comprise New Mirvac Shares stapled to New Mirvac Units, for every JFG Security held on the Record Date. Details of how the Proposal will be implemented are set out in Section 10.1. Further details of the Scheme Consideration are set out in Section 10.1(h).

Based on the closing price of Mirvac Securities of $4.56 on 11 October 2004, the day prior to announcement of the Proposal, the Proposal represents an implied acquisition price of $3.33 per JFG Security. This represents a premium of:

- 6 per cent to the closing price of JFG Securities on 11 October 2004 of $3.13;
- 10 per cent to the 30 day VWAP to 11 October 2004 of $3.02;
- 16 per cent to the 12 month VWAP to 11 October 2004 of $2.86; and
- 38 per cent to JFG's NTA per JFG Security at 30 June 2004 of $2.41.

Section 5.6 sets out details of the recent price history of Mirvac Securities.

1.3 Mirvac

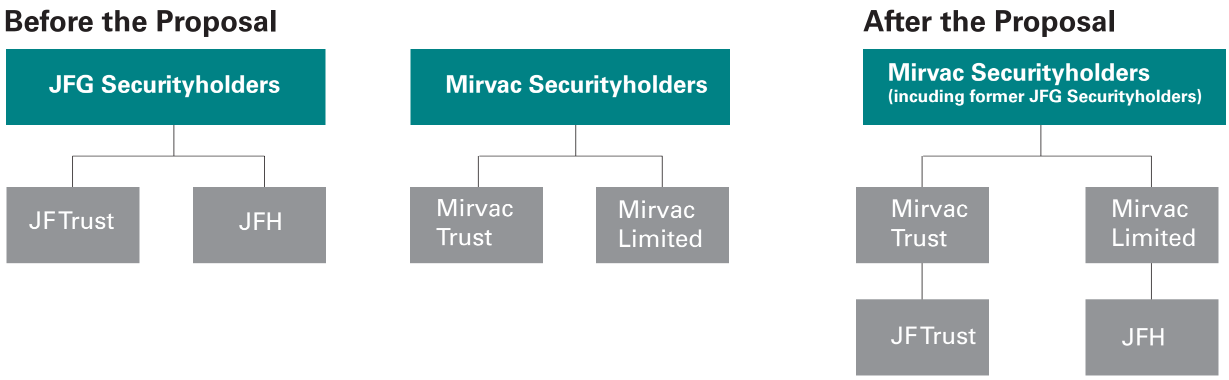
Following implementation of the Proposal, Mirvac will consolidate its position as a leading Australian listed group operating in property investment, development, external funds management and the provision of related services. It will have total assets of $5.0 billion, an estimated investment (non-residential) development pipeline of $2.3 billion, an estimated residential development pipeline of $8.3 billion, investment assets with a book value of $2.5 billion, external funds under management of approximately $1.7 billion and 3,229 hotel rooms under management. Mirvac is expected to have an equity market capitalisation of approximately $3.9 billion, making it one of the leading listed property groups in the Australian market and one of the top 100 companies listed on the ASX.

Details of Mirvac following implementation of the Proposal are set out in Section 5.

1.4 Diagram of the Proposal

The Proposal, if implemented, will result in JFG Securityholders becoming investors in Mirvac. JFG Securities and Mirvac Securities are both stapled securities. A JFG Security comprises a unit in JF Trust and a share in JFH. A Mirvac Security comprises a unit in Mirvac Trust and a share in Mirvac Limited.

The effect of the Proposal is illustrated as follows:



Mirvac will become the holder of all JFG Securities by the transfer to Mirvac of all Scheme Units and Scheme Shares. JF Trust will become a wholly owned sub-trust of Mirvac Trust, and JFH will become a wholly owned subsidiary of Mirvac Limited. JFG Securityholders will then hold Mirvac Securities, rather than JFG Securities.

1.5 Advantages of the Proposal

JFG Securityholders will enjoy a number of significant advantages as a result of the Proposal including:

- an investment in Mirvac which will provide the financial strength to capitalise on existing projects and seek out future growth opportunities;
- enhanced geographic, asset and business diversification;
- potential lower cost of capital;
- greater funding flexibility through improved access to debt and equity markets;
- increased equivalent distribution for the financial year ending 30 June 2005;
- increased frequency of distributions from half-yearly to quarterly;
- increased market capitalisation and index weighting;
- increased liquidity; and
- continuity of current JFG senior management with Mirvac and expanded management teams.

The advantages of the Proposal, together with its disadvantages, are discussed in further detail in Section 4. Section 5.9 also sets out further details of the Risk Factors associated with investing in Mirvac.

1.6 Impact on distributions

If the Proposal proceeds, JFG Securityholders will:

- receive the distribution from JFG of 12.25 cents per JFG Security for the six months ending 31 December 2004, provided they are on the JFG Register on the record date for that distribution; and
- rank for quarterly distributions from Mirvac from 1 January 2005, provided they are on the Mirvac register on the record dates for those distributions.

Mirvac has announced that it will pay a distribution of 33.8 cents per Mirvac Security for the 12 months ending 30 June 2005, with 17.2 cents per Mirvac Security payable for the six months to 30 June 2005. Accordingly, distributions to JFG Securityholders for the six months to 30 June 2005 will equate to 12.56 cents per JFG Security based on the exchange ratio that applies under the Schemes, a 2.5 per cent increase over JFG's distribution forecast of 12.25 cents per JFG Security for the same period.

Provided they are on the Mirvac register on the record date for distributions made by Mirvac during 2005, JFG Securityholders will therefore receive total equivalent distributions of 24.81 cents per JFG Security for the financial year ending 30 June 2005, a 4.2 per cent increase over the actual distribution of 23.8 cents per JFG Security for the financial year ended 30 June 2004.

As an investor in Mirvac, JFG Securityholders will also benefit from a change in frequency of distributions from half yearly to quarterly. JFG Securityholders will also receive an additional benefit from the franking credits attached to Mirvac distributions.

Further details of the impact of the Proposal on distributions are set out in Sections 4.1 and 5.5.

1.7 JFG Directors' recommendation

The JFG Directors unanimously recommend that JFG Securityholders vote in favour of the Resolutions, in the absence of a superior proposal.

The JFG Directors have considered the advantages and disadvantages of the Proposal and believe that the Proposal is in the best interest of JFG Securityholders, in the absence of a superior proposal.

Each JFG Director who holds JFG Securities, or on whose behalf JFG Securities are held, intends to vote in favour of the Resolutions.

An assessment of the Proposal is set out in Section 4.

1.8 Independent Expert's opinion

Deloitte Corporate Finance Pty Limited, the Independent Expert, has considered the Proposal and has concluded that the Proposal is in the best interest of JFG Securityholders. The Independent Expert's Report is set out in full in Section 7.

1.9 Cash Out Facility and Security Sale Facility

Mirvac has established facilities for JFG Securityholders to receive cash for their entitlement to New Mirvac Securities under the Schemes. Mirvac has established two facilities, a Cash Out Facility and a Security Sale Facility. These facilities will be available to all JFG Securityholders holding JFG Securities at the Record Date.

To participate in either the Cash Out Facility or the Security Sale Facility, the Election Form must be completed and lodged on or before the Effective Date, otherwise you will, unless you are an Excluded Foreign Securityholder, receive New Mirvac Securities.

Under the Cash Out Facility, JFG Securityholders will receive an amount that is equivalent to $3.33 for a JFG Security. The maximum number of New Mirvac Securities that can participate in the Cash Out Facility is 10,960,960 New Mirvac Securities (equivalent to 15,015,015 JFG Securities on the basis of the exchange ratio that applies under the Schemes). If valid elections to participate in the Cash Out Facility exceed this maximum number then there will be a Scaleback in participation.

Under the Security Sale Facility, JFG Securityholders will receive a cash amount for their entitlement to New Mirvac Securities under the Schemes which are validly accepted into the Security Sale Facility. Unlike the Cash Out Facility, the Security Sale Facility does not guarantee a fixed cash amount to SSF Participants. The cash amount which SSF Participants will receive as a result of participating in the Security Sale Facility will be determined by reference to the proceeds of sale of New Mirvac Securities under the Security Sale Facility and the Cash Out Facility by the Sale Broker on the ASX or by institutional bookbuild. This amount may be higher or lower than that available under the Cash Out Facility.

JFG Securityholders who receive New Mirvac Securities are also able to sell those New Mirvac Securities on the ASX without electing to participate in the Cash Out Facility or Security Sale Facility.

Further details of the Cash Out Facility and Security Sale Facility are set out in Section 9.

JFG Securityholders who do not wish to receive New Mirvac Securities are also able to sell their JFG Securities on the ASX at any time before the close of trading of the JFG Securities on the Effective Date (currently expected to be Wednesday, 29 December 2004). However, if you sell your JFG Securities before 23 December 2004, you will not receive the JFG distribution for the six months to 31 December 2004 of 12.25 cents per JFG Security.

1.10 Foreign Securityholders

If you are a Foreign Securityholder you may not be able to receive New Mirvac Securities under the Schemes. Foreign Securityholders should refer to Section 9.4 for further details.

1.11 Status of conditions

As at the date of this Explanatory Memorandum, JFG and Mirvac are not aware of any circumstances which would cause the conditions of the Schemes described in Section 10.2 not to be satisfied or waived.

1.12 Queries

If you have any further questions you can contact the JFG Information Line on 1800 137 835 or visit the JFG website at www.jamesfielding.com.au.

2 Frequently asked questions

1. What is the Proposal?

Mirvac is proposing to acquire 100 per cent of the JFG Securities on issue.

2. What will JFG Securityholders receive if the Proposal is implemented?

On completion of the Proposal, JFG Securityholders will receive 0.73 New Mirvac Securities for each JFG Security held on the Record Date.

Further information concerning what JFG Securityholders will receive is set out in Sections 1.2 and 10.1(h).

3. What impact will the Proposal have on distributions?

JFG Securityholders will remain entitled to the JFG distribution of 12.25 cents per JFG Security for the six months to 31 December 2004, provided they are on the JFG Register on the record date for that distribution.

If the Proposal proceeds, JFG Securityholders will rank for quarterly distributions from Mirvac from 1 January 2005, provided they are on the Mirvac register on the record dates for those distributions. Based on the consideration of 0.73 New Mirvac Securities and Mirvac's announced distribution of 17.2 cents per Mirvac Security for the six months to 30 June 2005, JFG Securityholders will receive an equivalent distribution of 12.56 cents per JFG Security for the six months to 30 June 2005. As investors in Mirvac, JFG Securityholders will also receive their distributions on a quarterly, rather than half yearly, basis.

Further details of the impact of the Proposal on distributions are set out in Sections 1.6, 4.1 and 5.5.

4. How will the Proposal be implemented?

Details on how the Proposal will be implemented are set out in Section 10.

The Proposal will only be implemented if the Resolutions are approved by JFG Securityholders at the Meetings to be held from 11.00 am on 17 December 2004 and if the Court approves the Share Scheme.

The effect of the implementation of the Proposal will be that each JFG Securityholder will receive 0.73 New Mirvac Securities in exchange for every JFG Security that they hold on the Record Date. Further details of the Scheme Consideration are set out in Section 10.1(h).

5. What do the JFG Directors recommend?

The JFG Directors unanimously recommend that JFG Securityholders vote in favour of the Resolutions, in the absence of a superior proposal.

The JFG Directors have considered the advantages and disadvantages of the Proposal and believe that the Proposal is in the best interest of JFG Securityholders, in the absence of a superior proposal.

Each JFG Director who holds JFG Securities, or on whose behalf JFG Securities are held, intends to vote in favour of the Resolutions.

An assessment of the Proposal is set out in Section 4.

6. What is the opinion of the Independent Expert?

The Independent Expert has considered the Proposal and has concluded that the Proposal is in the best interest of JFG Securityholders. The Independent Expert's Report is set out in full in Section 7.

7. When will I receive my New Mirvac Securities?

You will be issued with your New Mirvac Securities on the Implementation Date and holding statements detailing your holding are expected to be sent on Thursday, 13 January 2005. At this stage the Implementation Date is expected to be Friday, 7 January 2005.

The last day of trading in JFG Securities on the ASX will be on the Effective Date. The Effective Date is expected to be Wednesday, 29 December 2004, with deferred settlement trading of New Mirvac Securities expected to commence at the start of trading on ASX on Thursday, 30 December 2004.

Please note these dates may change. Any change will be notified on the JFG website at www.jamesfielding.com.au.

8. Can I sell my JFG Securities now?

You can sell your JFG Securities on the ASX at any time before the close of trading on ASX on the Effective Date at the prevailing market price. At this stage, the Effective Date is expected to be Wednesday, 29 December 2004. However, you should note that if you sell your JFG Securities prior to 23 December 2004, you will not receive the JFG distribution for the six months to 31 December 2004 of 12.25 cents per JFG Security (see Section 4.1).

9. What if I do not want New Mirvac Securities?

Mirvac has established facilities for JFG Securityholders to receive cash for their entitlement to New Mirvac Securities under the Schemes. Mirvac has established two facilities, a Cash Out Facility and a Security Sale Facility. These facilities will be available to all JFG Securityholders holding JFG Securities at the Record Date.

To participate in either the Cash Out Facility or the Security Sale Facility, the Election Form must be completed and lodged on or before the Effective Date, otherwise you will, unless you are an Excluded Foreign Securityholder, receive New Mirvac Securities.

Under the Cash Out Facility, JFG Securityholders will receive an amount that is equivalent to $3.33 for a JFG Security. The maximum number of New Mirvac Securities that can participate in the Cash Out Facility is 10,960,960 New Mirvac Securities (equivalent to 15,015,015 JFG Securities on the basis of the exchange ratio that applies under the Schemes). If valid elections to participate in the Cash Out Facility exceed this maximum number then there will be a Scaleback in participation.

Under the Security Sale Facility, JFG Securityholders will receive a cash amount for their entitlement to New Mirvac Securities under the Schemes which are validly accepted into the Security Sale Facility. Unlike the Cash Out Facility, the Security Sale Facility does not guarantee a fixed cash amount to SSF Participants. The cash amount which SSF Participants will receive as a result of participating in the Security Sale Facility will be determined by reference to the proceeds of sale of New Mirvac Securities under the Security Sale Facility and the Cash Out Facility, by the Sale Broker on the ASX or by institutional bookbuild. This amount may be higher or lower than that available under the Cash Out Facility.

JFG Securityholders who receive New Mirvac Securities are also able to sell those New Mirvac Securities on the ASX without electing to participate in the Cash Out Facility or the Security Sale Facility.

Further details of the Cash Out Facility and Security Sale Facility are set out in Section 9.

10. What are the tax implications of the Proposal?

PricewaterhouseCoopers has provided a taxation report on the general Australian taxation impacts of the Proposal on JFG Securityholders. This report is set out in Section 8. Your decision on how to vote on the Resolutions should be made only after consultation with your investment, financial, taxation or other professional adviser based on your own investment objectives, financial situation, taxation position and particular needs.

11. How do JFG Securityholders vote?

JFG Securityholders may vote in person by attending the Meetings, by proxy, by attorney or, in the case of corporate JFG Securityholders, by a corporate representative. Further details of how to vote are set out in Section 3 and on the proxy forms.

12. What happens if the Proposal does not proceed?

If the Proposal does not proceed, JFG Securityholders will retain their JFG Securities and JFG will continue to operate as a stand-alone entity trading on the ASX. JFG will continue to focus on its strategy of being a fully integrated, property investment, development, funds management and services business. The rights of JFG Securityholders will remain unchanged.

You should note that even though you may vote against the Resolutions, if the necessary majorities of JFG Securityholders approve the Resolutions, and the Court approves the Share Scheme, the Proposal will still proceed and be binding on you and all JFG Securityholders. Details of the majorities required to approve the Resolutions are set out in Section 10.6.

The estimated costs incurred by JFG in connection with the Proposal of approximately $1.7 million will be expensed in the 2005 financial year. These costs reflect legal, taxation, financial advisory and Independent Expert costs.

13. Who is entitled to participate in the Schemes?

Only holders of JFG Securities on issue at the Record Date may participate in, and will be bound by, the Schemes. It is anticipated that the Record Date will be Thursday, 6 January 2005. Please note this date may change. Any change will be notified on the JFG website at www.jamesfielding.com.au.

Further details on how to establish who is entitled to participate in the Schemes are set out in Section 10.

3 Voting

3.1 How to vote

The Proposal can only take place if the Resolutions are passed by the requisite majorities.

JFG Securityholders may vote by attending the Meetings in person, or by proxy, attorney or, in the case of a corporation, by corporate representative.

(a) Voting in person

To vote in person at any of the Meetings, you must attend the relevant Meeting to be held on 17 December 2004 at Rydges Jamison, 11 Jamison Street, Sydney. The first of the Meetings will commence at 11.00 am.

A JFG Securityholder who wishes to attend and vote at any of the Meetings in person will be admitted to the Meeting and given a voting card upon disclosure at the point of entry to the Meeting of their name and address.

(b) Voting by proxy

If you wish to appoint a proxy in respect of the Meetings, you are requested to complete and sign the original loose leaf proxy form personalised to you and sent to you with this Explanatory Memorandum.

If you wish to appoint different persons as proxies for each Meeting, separate proxy forms (which will be supplied on request) should be used for each Meeting. Please call the JFG Registry on the number specified on the proxy form.

Proxy forms should be returned to the JFG Registry by posting them in the reply paid envelope provided or delivering them to the address below:

By post

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 8060
Australia

By hand delivery

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

By facsimile

+61 2 8235 8220

Proxy forms must be received by the JFG Registry, or at the registered office of JFG, Level 22, 56 Pitt Street, Sydney NSW 2000, by no later than 11.00 am (AEDST) to be effective for the Share Scheme Meeting, 11.30 am (AEDST) to be effective for the Unit Scheme Meeting, and 11.45 am (AEDST) to be effective for the General Meeting, on 15 December 2004 (or if a Meeting is adjourned, at least 48 hours before the resumption of that Meeting in relation to the resumed part of the Meeting).

A proxy will be admitted to the Meeting and given a voting card upon providing at the point of entry to the Meeting written evidence of their name and address.

The sending of a proxy form will not preclude a JFG Securityholder from attending in person and voting at the Meeting at which the JFG Securityholder is entitled to attend and vote.

(c) Voting by attorney

Powers of attorney must be received by the JFG Registry, or at the registered office, by no later than 11.00 am (AEDST) to be effective for the Share Scheme Meeting, 11.30 am (AEDST) to be effective for the Unit Scheme Meeting, and 11.45 am (AEDST) to be effective for the General Meeting on 15 December 2004 (or if a Meeting is adjourned, at least 48 hours before the resumption of that Meeting in relation to the resumed part of the Meeting).

An attorney will be admitted to the Meeting and given a voting card upon providing at the point of entry to the Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a JFG Securityholder from attending in person and voting at the Meeting at which the JFG Securityholder is entitled to attend and vote.

(d) Voting by corporate representative

An authorised corporate representative will be admitted to the Meeting and given a voting card upon providing at the point of entry to the Meeting written evidence of their appointment, their name and address and the identity of their appointer.

3.2 Voting entitlement

Each JFG Securityholder who is registered on the Register at 7.00 pm (AEDST) on 15 December 2004 is entitled to attend and vote, in person or by proxy or attorney or, in the case of a corporation which is a securityholder, by its representative appointed in accordance with the Corporations Act, at the Meetings. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Meetings.

In the case of JFG Securities held by joint holders, only one of the joint securityholders is entitled to vote. If more than one securityholder votes in respect of jointly held JFG Securities, only the vote of the securityholder whose name appears first in the Register will be counted.

3.3 Queries

If you have any questions in relation to any of the Meetings, please call the JFG Information Line on 1800 137 835 or visit the JFG website at www.jamesfielding.com.au.

4 Assessment of the Proposal

This Section provides an overview of the advantages and disadvantages of the Proposal for JFG Securityholders. Section 5.9 sets out details of the Risk Factors associated with investing in Mirvac.

4.1 Advantages

Premium to recent prices

Under the terms of the Proposal, JFG Securityholders will receive 0.73 New Mirvac Securities for every JFG Security held at the Record Date. Further details of the Scheme Consideration are set out in Section 10.1(h).

Based on the closing price of Mirvac Securities of $4.56 on 11 October 2004, the day prior to announcement of the Proposal, the Proposal represents an implied acquisition price of $3.33 per JFG Security. This represents a premium of:

- 6 per cent to the closing price of JFG Securities on 11 October 2004 of $3.13;
- 10 per cent to the 30 day VWAP to 11 October 2004 of $3.02;
- 16 per cent to the 12 month VWAP to 11 October 2004 of $2.86; and
- 38 per cent to JFG's NTA per JFG Security at 30 June 2004 of $2.41.

Section 5.6 sets out details of the recent price history of Mirvac Securities. JFG Securityholders should note however that the future market price of New Mirvac Securities may fall as well as rise. Past performance is not necessarily a guide to future performance.

Increase in FY05 distribution

If the Proposal proceeds, JFG Securityholders will:

- receive the December 2004 half year distribution from JFG of 12.25 cents per JFG Security, provided they are on the JFG Register on the record date for that distribution; and
- rank for quarterly distributions from Mirvac from 1 January 2005, provided they are on the Mirvac register on the record dates for those distributions.

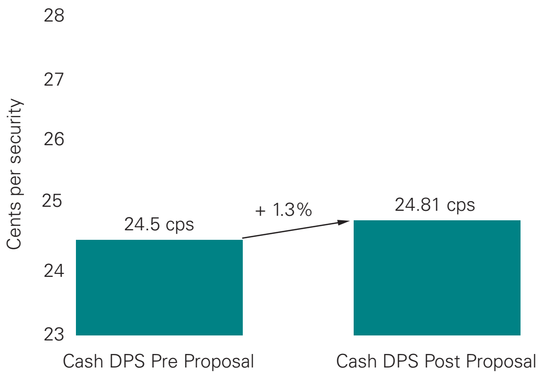
Mirvac has announced that it will pay a distribution of 33.8 cents per Mirvac Security for the 12 months ending 30 June 2005, of which 17.2 cents will be payable for the six month period to 30 June 2005. Therefore, distributions to JFG Securityholders for the six months to 30 June 2005 will equate to 12.56 cents per JFG Security based on the exchange ratio that applies under the Schemes, a 2.5 per cent increase over JFG's distribution forecast of 12.25 cents per JFG Security for the same period.

Provided they are on the Mirvac register on the record dates for distributions made by Mirvac during 2005, JFG Securityholders will therefore receive a total forecast equivalent distribution of 24.81 cents per JFG Security for the financial year ending 30 June 2005, a 4.2 per cent increase over the actual distribution of 23.8 cents per JFG Security for the financial year ended 30 June 2004.

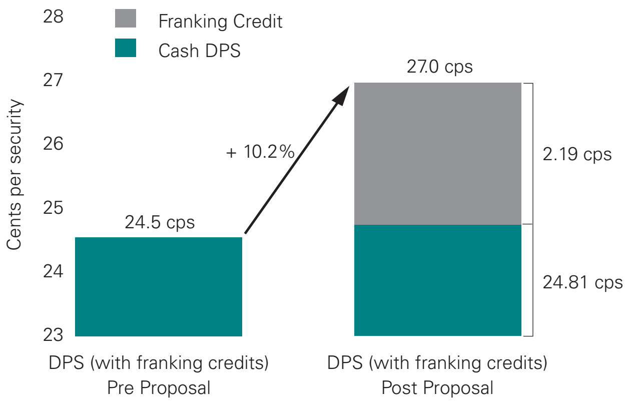
JFG Securityholders will also receive an additional advantage from the franking credits attached to Mirvac distributions.

The total equivalent grossed up distribution paid to a JFG Securityholder for the six months to 30 June 2005, including the franking credits attached to the Mirvac distribution, is estimated to be 14.75 cents per JFG Security. This takes the total forecast equivalent distribution (including franking credits) to JFG Securityholders for the financial year ending 30 June 2005 to 27.0 cents per JFG security, a 10.2 per cent increase over JFG's stand-alone distribution forecast of 24.5 cents per security. This is illustrated in the following charts:

FY05 Forecast Cash Distribution[1]



FY05 Forecast Distribution (including franking credits)[2, 3]



Notes:

1. Forecast cash distribution is calculated on an effective basis per JFG Security and is based on JFG's distribution forecast of 12.25 cents per JFG Security for the six months ending 31 December 2004 and Mirvac's announced distribution of 17.2 cents per Mirvac Security for the six months ending 30 June 2005, adjusted for the exchange ratio that applies under the Schemes of 0.73 (12.56 cents per JFG Security), totalling 24.81 cents per JFG Security for the financial year ending 30 June 2005.
2. Distribution post franking based on forecast equivalent cash distribution (24.81 cents per JFG Security) plus estimated franking credit attached to Mirvac's distribution of three cents per Mirvac Security for the six months ending 30 June 2005, adjusted for the exchange ratio that applies under the Schemes of 0.73 (2.19 cents per JFG Security), totalling 27.0 cents per JFG Security for the financial year ending 30 June 2005.
3. Mirvac distribution and attached estimated franking credit announced 12 October 2004.

Further details on the impact of the Proposal on distributions are set out in Sections 1.6 and 5.5.

Increase in frequency of distributions

As an investor in Mirvac, JFG Securityholders will benefit from a change in frequency of distributions from half yearly to quarterly.

Further details of the impact of the Proposal on distributions are set out in Sections 1.6 and 5.5.

Significantly enhanced growth opportunities

JFG Securityholders will benefit from the enhanced financial strength and scale of operations of Mirvac following implementation of the Proposal, providing a strong platform for growth, access to the existing Mirvac businesses and an enhanced ability to capitalise on existing projects and seek out future opportunities.

	JFG (Pre Proposal) ($bn)	Mirvac (Post Proposal) ($bn)
Investment	0.3	2.5
Residential development	N/A	8.3[4]
Investment (non-residential) development	1.5	2.3[5]
External funds under management	1.7	1.7
Total Assets Under Control	3.5	14.8

Notes:

4. This amount reflects the revenues anticipated by Mirvac management from the development of approximately 120 residential projects which are scheduled to be developed within the next 10 years. The revenues are forward looking statements and are projected in budgets or feasibility studies prepared by Mirvac management for the projects and assume completion of the projects today. Accordingly, they should be regarded as targeted revenues and not a forecast of actual revenues. Actual revenues which are generated from the development of these residential projects are likely to differ from the targeted revenues, but it is not possible to quantify the difference. There are a number of risks associated with the development of residential projects which are referred to in Section 5.9 – Risk Factors.
   The targeted revenues are based on a number of assumptions including:
   - assumptions as to the number of dwellings that may be accommodated on the project sites, which will be a function of planning approvals and consents yet to be obtained;
   - targeted realised revenues from the developments, based on more than 30 years experience in residential project developments;
   - assumptions as to demographic trends, changes to the residential market and demand for residential housing, funding arrangements, property, business, and economic cycles, inflation, interest rates and other economic trends and influences; and
   - none of the Risk Factors outlined in Section 5.9 associated with the development of residential projects, eventuating.
5. This amount is based on estimates of Mirvac management and JFG management of the market value on completion of their respective development projects which are referred to in Section 5.3 (b). These estimates are forward looking statements and are consistent with the feasibility studies and budgets prepared by the respective management teams for their projects. Note that these developments may not be completed for several years and they are subject to market demand and conditions. Note also that the figure is a targeted figure, not a forecast of the actual market values that will be obtained on completion of the developments. Actual market values are likely to differ from the targeted market values, but it is not possible to quantify the difference. There are a number of risks associated with investment developments that are referred to in Section 5.9 – Risk Factors.
   The targeted market values from the development projects are based on a number of assumptions including:
   - the building volume that can be placed on a development site and necessary zoning and planning approvals being obtained therefore;
   - assumptions as to tenancy demand, funding arrangements, economic, business and property cycles, changes to property markets, demographic trends, inflation, interest rates, and other economic trends and influences;
   - the targeted cost for undertaking the development which is based on more than 20 years experience in similar development projects; and
   - none of the Risk Factors outlined in Section 5.9 associated with large development projects eventuating.

Assessment of the Proposal

Improved access to capital

As investors in Mirvac, JFG Securityholders are expected to benefit from improved access to capital on more attractive terms through:

– improved access and appeal to equity investors, both domestic and international, due to the increased market capitalisation; and

– access to a broader spectrum of debt funding products.

Potential lower cost of capital

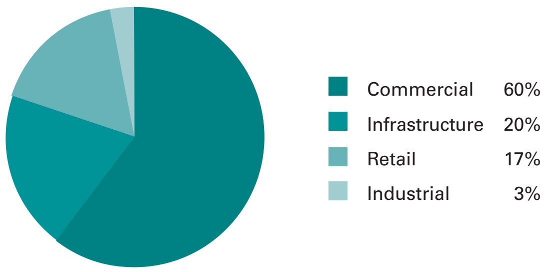
Prior to announcement of the Proposal, JFG was trading on a forecast FY05 yield of 7.8 per cent. In comparison, Mirvac was trading on a forecast FY05 yield of 7.4 per cent. Assuming Mirvac maintains its pre Proposal trading yield, JFG Securityholders will potentially benefit, following implementation of the Proposal, from Mirvac having a lower cost of capital than JFG. This will provide an improved cost of capital to fund investments for medium and longer term growth.

Increased geographic, asset and business diversification

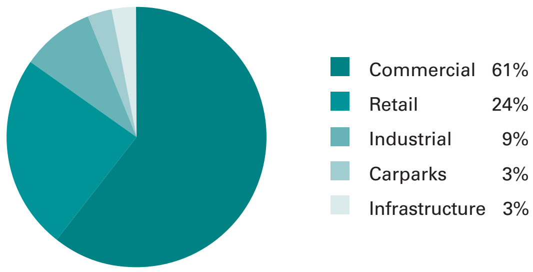
Assuming the Proposal proceeds, JFG Securityholders will have exposure to real estate investment assets with a book value of approximately $2.5 billion, compared to $254 million on a stand-alone basis.

JFG Securityholders will increase their direct exposure to 66 assets across the office, retail and industrial sectors (compared to nine assets on a stand-alone basis), providing diversification both geographically and across property sectors. The portfolio provides exposure to a number of sectors by direct asset investments as well as equity investments in vehicles that will be managed by Mirvac.

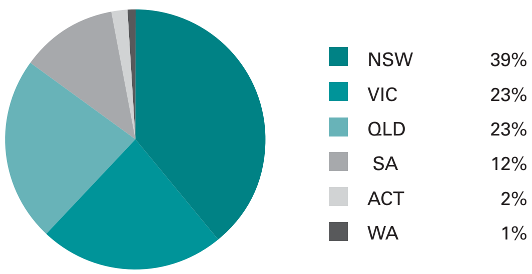
JFG – Sector diversification by value (Pre Proposal)[1]
as at 30 June 2004



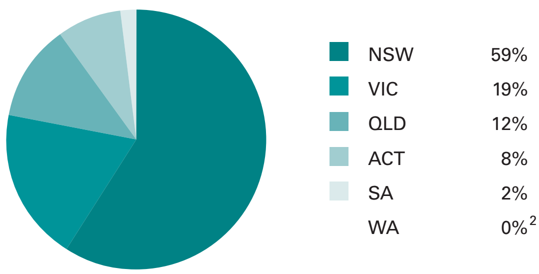
Mirvac – Sector diversification by value (pro forma)[1]
as at 30 June 2004



JFG – Geographic diversification by value (Pre Proposal)[1]
as at 30 June 2004



Mirvac – Geographic diversification by value (pro forma)[1]
as at 30 June 2004



1. Based on combined value of $2.7 billion, as it includes JF Meridian Trust assets weighted to JFG's approximately 15 per cent equity investment in the vehicle. Also includes Orion, Holden and JFG's weighted equity investments in the JF Infrastructure Yield Fund and Eastern Creek.
2. WA is 0.2 per cent of the portfolio.

JFG Securityholders will also benefit from investing in a larger, more diversified property group that includes significantly more investment assets, a substantial residential development pipeline and an enhanced hotel and property services management business.

Increased market capitalisation and index weighting

JFG will become part of one of the largest listed property groups by index weight, with an expected equity market capitalisation of approximately $3.9 billion compared to $449 million on a stand-alone basis.

The increased market capitalisation is also expected to result in a significant increase in index representation. The table below sets out the expected index weights for Mirvac following implementation of the Proposal, compared to JFG prior to the announcement of the Proposal.

	JFG (Pre Proposal) (%)	Mirvac (Post Proposal) (%)
S&P/ASX 200 Index	0.05	0.51
S&P/ASX 200 Property Trusts Index	0.57	5.47

Following implementation of the Proposal, Mirvac is also expected to have weightings of 0.64 per cent, 0.55 per cent and 0.68 per cent in the S&P/ASX 50, S&P/ASX 100 and MSCI indices, respectively.

Mirvac's index weightings are based on estimated index market capitalisation resulting from the Proposal, calculated using the closing price of Mirvac as at 11 November 2004, and assuming 100 per cent index weighting post Proposal.

Increased liquidity

With an expected market capitalisation of approximately $3.9 billion (following completion of the Proposal), and with no single investor holding likely to be greater than 7.1 per cent (based on current substantial holder notices lodged with ASX), Mirvac should provide increased liquidity, the potential for smaller buy/sell spreads and greater trading depth compared to JFG on a stand-alone basis.

Combination of board and management expertise

Assuming the Proposal is implemented, Greg Paramor, current managing director of JFG, will become managing director of Mirvac. Robert Hamilton, founder and current managing director of Mirvac, will continue as an executive director with responsibility for Mirvac's development activities.

Nicholas Collishaw, current head of property at JFG, will become CEO of Mirvac's Investment division.

Mirvac will also invite James MacKenzie and Richard Turner, two of the non-executive JFG Directors, to join the board of directors of Mirvac.

Due to the highly complementary nature of the two businesses, it is anticipated that, following implementation of the Proposal, the majority of JFG's senior management will be offered positions at Mirvac, complementing the strength and skills of Mirvac's existing, highly experienced and well regarded management team.

4.2 Disadvantages

Change in the nature of the investment

The Proposal will result in JFG Securityholders having exposure to the more diverse Mirvac business, including exposure to residential development (see Section 5). However, Mirvac actively manages its residential exposure through geographic and product diversification.

Increased gearing and financial risk

Assuming the Proposal proceeds, the pro forma gearing of Mirvac will be 36.2 per cent compared to JFG's gearing as at 30 June 2004 of 27.6 per cent.

Higher gearing could increase JFG Securityholders' exposure to changes in interest rates. In addition, higher interest rates could also increase the impact of changes in property income and asset values. However, Mirvac has an active capital management and hedging program to manage its financial risk.

Reduction in NTA

Under the Proposal, the NTA of JFG Securities will effectively reduce from $2.41 as at 30 June 2004 to $2.31 per JFG Security on an equivalent basis (based on the pro forma NTA of Mirvac as at 30 June 2004 of $3.16 per Mirvac Security).

Reduced exposure to potential upside from JFG projects

JFG Securityholders will have their exposure to the potential earnings and capital upside from JFG's existing projects (such as Orion, Holden's new headquarters, and Sydney Basin airports) diluted as a result of that upside being shared across all Mirvac Securityholders.

However, the realisation of this upside is currently limited by JFG's capacity to access debt and equity capital at attractive pricing. Under the Proposal, it is likely that JFG will have better access to debt and equity capital markets as part of a vehicle with an expected market capitalisation of $3.9 billion.

Tax consequences

The Proposal has certain tax consequences. PricewaterhouseCoopers has provided a taxation report on the general Australian taxation impacts of the Proposal on JFG Securityholders. This Report is set out in Section 8. A JFG Securityholder's decision on how to vote on the Resolutions should be made only after consultation with an investment, financial, taxation or other professional adviser based on the JFG Securityholder's own investment objectives, financial situation, taxation position and particular needs.

4.3 Other considerations

Risk Factors

The Risk Factors associated with investing in Mirvac are set out in Section 5.9.

Transaction costs

The total combined transaction costs for Mirvac and JFG are expected to be $15 million if the Proposal proceeds. If the Proposal does not proceed, transaction costs of approximately $1.7 million will be borne by JFG.

No cash consideration

The Scheme Consideration consists of a fixed number of New Mirvac Shares for JFH Shares and New Mirvac Units for JFT Units. Scheme Participants will not receive a cash component paid directly to them. They may, however, elect or, in the case of Excluded Foreign Securityholders, be required to participate in the Cash Out Facility or the Security Sale Facility which will provide cash for some or all of the New Mirvac Securities.

The value of the Scheme Consideration depends on the value of New Mirvac Securities. Section 5.6 sets out further details of the recent price history of Mirvac Securities. JFG Securityholders should note that the price of New Mirvac Securities may fall as well as rise. Past performance is not necessarily a guide to future performance.

Different tax treatment of distributions

Currently, JFG Securityholders receive distributions comprising taxable and tax deferred income components, as JFG has historically distributed entirely from trust earnings.

Under the Proposal, as Mirvac currently makes distributions both from corporate and trust earnings, JFG Securityholders will receive distributions that will be split between the following:

– taxable income;

– tax deferred income; and

– dividend income which may be franked.

5 Profile and prospects of Mirvac following implementation of the Proposal

5.1 Introduction

The acquisition of JFG by Mirvac will bring together two culturally aligned organisations creating a platform for future growth and drawing upon the management expertise and experience across both groups to deliver a stronger and more diversified property group.

This transaction will consolidate Mirvac's position as a leading Australian listed property group. Following implementation of the Proposal, Mirvac is expected to have a market capitalisation of approximately $3.9 billion, enhanced index weighting and approximately $15 billion of Assets Under Control.

The Proposal is predicated on the strategic value of the JFG business and assets to Mirvac and the platform it creates to capitalise on future growth opportunities. The increased investment (non-residential) development pipeline together with the external funds management business will open up a new range of opportunities and provide Mirvac with greater flexibility in terms of accessing, holding, managing and funding property related opportunities.

The combination of Mirvac and JFG will provide existing Mirvac Securityholders with an external funds management platform and enhanced investment (non-residential) development pipeline. JFG Securityholders will benefit from investing in a larger, more diversified property group that includes significantly more investment assets, a substantial residential development pipeline and an enhanced hotel and property services management business.

In the remainder of this Section 5, references to Mirvac are references to the economic entity resulting from the acquisition of JFG by Mirvac in accordance with the Proposal, unless otherwise specified or made clear by the context.

Profile and prospects of Mirvac following implementation of the Proposal

Figure 1: Overview of Mirvac

Mirvac

Investment	Development	Management	External Funds Management
– Mirvac Trust – JF Trust – Other investment assets	– Residential – Retail – Commercial – Industrial – Hotels	– Hotels – Property services	– Listed trusts – Syndicates – Unlisted property funds – Debt funds – Property securities – Infrastructure

Approximately $15 billion of Assets Under Control to provide opportunites to Mirvac's operating divisions

Investment assets	Residential developments	Investment (non-residential) developments	Hotels	External funds under management
$2.5bn	$8.3bn[1]	$2.3bn[2]	3,229 rooms	$1.7bn

1. This amount reflects the revenues anticipated by Mirvac management from the development of approximately 120 residential projects which are scheduled to be developed within the next 10 years. The revenues are forward looking statements and are projected in budgets or feasibility studies prepared by Mirvac management for the projects and assume completion of the projects today. Accordingly, they should be regarded as targeted revenues and not a forecast of actual revenues. Actual revenues which are generated from the development of these residential projects are likely to differ from the targeted revenues, but it is not possible to quantify the difference. There are a number of risks associated with the development of residential projects which are referred to in Section 5.9 – Risk Factors. Please refer to page 17, notes 4 and 5, for relevant assumptions.
2. This amount is based on estimates of Mirvac management and JFG management of the market value on completion of their respective development projects which are referred to in Section 5.3 (b). These estimates are forward looking statements and are consistent with the feasibility studies and budgets prepared by the respective management teams for their projects. Note that these developments may not be completed for several years and they are subject to market demand and conditions. Note also that the figure is a targeted figure, not a forecast of the actual market values that will be obtained on completion of the developments. Actual market values are likely to differ from the targeted market values, but it is not possible to quantify the difference. There are a number of risks associated with investment developments that are referred to in Section 5.9 – Risk Factors. Please refer to page 17, notes 4 and 5, for relevant assumptions.

5.2 Operating strategy and intentions

Mirvac will execute the following strategies in relation to each of the four operating divisions.

Investment	– New investment properties developed internally – pipeline of $2.3 billion, which complements Mirvac's $2.5 billion portfolio of investment assets. – Seek to acquire a mix of well located, securely leased assets and assets with redevelopment potential. – Expand the retail and industrial portfolios.
Development	– Residential – major integrated developments with a greater focus on housing. Focus on lifestyle and resort developments (second homes/retirees) and continue to expand geographically. Development expertise will focus on Mirvac's residential development pipeline which currently has 19,250 lots to produce further revenue expressed in today's dollars of $8.3 billion. – Investment (non-residential) – seek opportunities that will grow and enhance the investment portfolio and external funds management products where appropriate.
Management	– Hotels – concentrate on Quay West and Sebel brands. – Property services – provide strategic analysis, capital planning and delivery, on-going facility and asset management to Mirvac controlled assets and other external clients.
External Funds Management	– Manage listed and unlisted real property, property securities, debt or infrastructure investments. – Provide consistent, regular income and capital returns through active management. – Develop creative products attractive to a range of investor classes.

Further information in relation to Mirvac's four operating divisions is set out in Section 5.3.

In executing the strategies outlined above, Mirvac will seek to target trust and corporate earnings contributions as set out below.

Business	Earnings Contribution (%)
Mirvac Trust	60
Mirvac Limited	40

The business, assets and activities of JFG are largely complementary to, and do not materially overlap, the business, assets and activities of Mirvac. Accordingly, it is the intention of Mirvac:

– to continue JFG's business;

– not to make any major changes to JFG's business (including redeploying fixed assets), other than to capitalise on and expand the opportunities that are available to the business; and

– to continue the employment of the present employees of JFG.

The Proposal is being implemented not because Mirvac believes that material synergies will result from the combination of the business, assets and activities of the respective groups, but because the acquisition of JFG is expected to provide a platform for the four operating divisions to grow their respective businesses.

5.3 Overview of operations

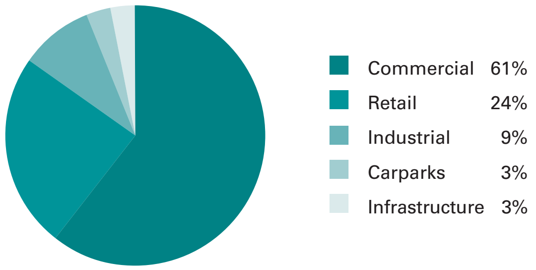
The businesses of JFG and Mirvac are highly complementary, with little duplication. An overview of each Mirvac division as a result of the Proposal is provided below.

(a) Investment

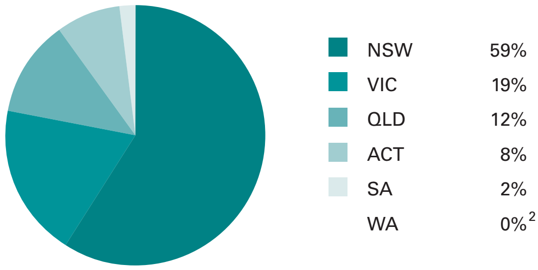
The Investment division will combine the investment assets of Mirvac and JFG to provide a diversified property portfolio of 66 assets with a book value of $2.5 billion. The portfolio provides exposure to a number of sectors via direct asset investments as well as equity investments in vehicles that will be managed by Mirvac. The diversification of property assets by location and by sector is provided in Figure 2.

Figure 2: Diversification

Mirvac – Sector diversification by value (pro forma)[1]
as at 30 June 2004



Mirvac – Geographic diversification by value (pro forma)[1]
as at 30 June 2004



1. Based on a combined value of $2.7 billion, as it includes JF Meridian Trust assets weighted to JFG's approximately 15 per cent equity investment in the vehicle. Also includes Orion, Holden and JFG's weighted equity investments in the JF Infrastructure Yield Fund and Eastern Creek.

2. WA is 0.2 per cent of the portfolio.

Mirvac will continue to enhance its investment portfolio through the development of new assets, redevelopment and refurbishment of existing assets and acquisitions. The $2.3 billion investment (non-residential) development pipeline is viewed as a key source of assets for the Investment division.

A summary of the investment assets of Mirvac is provided below:

Property	Location	NLA (sqm)	Ownership (%)	Book value at 30 June 2004 ($m)
Commercial				
67 Albert Avenue	Chatswood, NSW	15,180	100	73.1
Arts House	Barton, ACT	5,503	100	16.8
Bay Centre	Pyrmont, NSW	15,972	100	73.5
Burns Centre	Forrest, ACT	4,012	100	13.4
1 Castlereagh Street	Sydney, NSW	11,635	100	54.7
26 College Street	Sydney, NSW	4,640	100	20.9
Como Centre	South Yarra, VIC	25,269	100	62.0
30 Cowper Street	Parramatta, NSW	7,992	100	20.6
190 George Street	Sydney, NSW	9,498	100	42.1
200 George Street	Sydney, NSW	5,588	100	24.2
IBM Building	Barton, ACT	4,048	100	10.9
John Oxley Centre	Milton, QLD	13,138	100	35.9
Lovett Tower	Woden, ACT	20,540	100	46.0
60 Margaret Street	Sydney, NSW	40,440	50	123.1
40 Miller Street	North Sydney, NSW	12,665	100	80.3
MOJO Building	Southbank, QLD	3,081	100	9.5
Optus Centre	North Sydney, NSW	37,778	100	280.1
Perpetual Building	Canberra City, ACT	4,739	100	15.8
Phillips Fox Building	Canberra City, ACT	5,311	100	15.0
Riverside Quay	Southbank, VIC	30,635	100	92.8
Royal Domain Centre	Melbourne, VIC	24,616	100	94.5
Sharp Building	Milsons Point, NSW	11,513	100	60.6
Sony House	Sydney, NSW	4,395	100	9.0
St George Centre	Canberra City, ACT	12,117	100	47.4
38 Sydney Avenue	Forrest, ACT	9,099	100	33.8
23/177 Pacific Highway [2]	North Sydney, NSW	141	100	0.6
Pacific Place [2]	Chatswood, NSW	N/A	100	4.2
Darling Island [2]	Pyrmont, NSW	N/A	100	9.1
Bond 1 [2]	Walsh Bay, NSW	N/A	100	0.0
Laneway [2]	Sydney, NSW	N/A	100	7.7
4 Dalley Street [2]	Sydney, NSW	N/A	100	23.3
189 Grey Street [2]	Southbank, QLD	N/A	100	0.5
127 Creek Street	Brisbane, QLD	18,387	100	48.0
9 Help Street	Chatswood, NSW	9,932	100	39.5
101 Grenfell Street	Adelaide, SA	13,273	100	27.8
Mulgrave Business Park No's 1, 2 and 3	Mulgrave, VIC	9,516	100	23.3
Mulgrave Business Park No 4	Mulgrave, VIC	3,200	100	1.2 [1]
107 Mount Street	North Sydney, NSW	6,791	100	34.0
251 – 261 Salmon Street	Port Melbourne, VIC	10,020	100	17.3
Commercial total				**1,592.5**

1. Land only.
2. Land held for development.

Property	Location	NLA (sqm)	Ownership (%)	Book value at 30 June 2004 ($m)
Retail				
Blacktown Mega Centa	Blacktown, NSW	25,188	100	30.2
Como Centre Retail	South Yarra, VIC	6,893	100	15.4
Gippsland Centre	Sale, VIC	23,356	100	33.9
Greenwood Plaza	North Sydney, NSW	8,686	100	101.8
Hinkler Centres	Bundaberg, QLD	17,235	100	36.6
ikon Retail	Potts Point, NSW	2,894	100	12.7
Kawana Shoppingworld	Buddina, QLD	29,862	100	140.3
Metcentre	Sydney, NSW	6,006	50	34.4
Moonee Ponds Central	Moonee Ponds, VIC	6,259	100	24.2
Orange City Centre	Orange, NSW	18,055	100	35.5
Stanhope Village	Stanhope Gardens, NSW	7,225	100	24.0
Village Centre	St Marys, NSW	16,020	100	34.7
Waverley Gardens	Mulgrave, VIC	31,220	100	53.9
Peninsula Homemaker Centre	Mornington, VIC	32,000	100	12.6[1]
Retail total				**590.2**

Property	Location	NLA (sqm)	Ownership (%)	Book value at 30 June 2004 ($m)
Industrial & other				
44 Biloela Street	Villawood, NSW	15,839	100	17.3
64 Biloela Street	Villawood, NSW	22,937	100	22.0
Endeavour House	Coogee, NSW	67,000[3]	100	82.1
Hawdon Industry Park	Dandenong, VIC	20,900	100	12.2
James Ruse Business Park	Northmead, NSW	26,306	100	27.8
Nexus Industry Park	Liverpool, NSW	170,000[3]	100	2.4
271 Lane Cove Road	North Ryde, NSW	11,516	100	25.0
Scrivener Street	Warwick Farm, NSW	31,371	100	21.0
1 – 47 Percival Street	Smithfield, NSW	20,823	100	20.5
Forestry Land	Various (SA, WA, VIC)	N/A	100	50.2
Industrial & other total				**280.5**

Car parks	Location	Number of bays	Ownership (%)	Book value at 30 June 2004 ($m)
Como Centre Car Park	South Yarra, VIC	621	100	17.0
Quay West Car Park	Sydney, NSW	598	100	42.0
Riverside Quay Car Park	Southbank, VIC	560	100	18.0
Car parks total				**77.0**

Total				**2,540.2**

3. Site size.

Note: Investments in Orion and Holden are included in the development assets of the Group. Table excludes equity investments in JF Meridian Trust, JF Infrastructure Yield Fund and Eastern Creek.

Overview of key investment assets at 30 June 2004

67 Albert Avenue
Chatswood, NSW

Arts House
Barton, ACT

Bay Centre
Pyrmont, NSW

	67 Albert Avenue, Chatswood, NSW	Arts House, Barton, ACT	Bay Centre, Pyrmont, NSW
Type	Commercial	Commercial	Commercial
Grade	A Grade	A Grade	A Grade
Ownership (%)	100	100	100
NLA (sqm)	15,180	5,503	15,972
Book valuation ($m)	73.1	16.8	73.5
Current valuation ($m)	69.5 30 June 2002	16.8 30 June 2002	73.5 30 April 2003
Major tenants	Quintiles PMP Limited	Attorney General's Department Australian Government Solicitors	IAG Collex

Burns Centre
Forrest, ACT

1 Castlereagh Street
Sydney, NSW

26 College Street
Sydney, NSW

	Burns Centre, Forrest, ACT	1 Castlereagh Street, Sydney, NSW	26 College Street, Sydney, NSW
Type	Commercial	Commercial	Commercial
Grade	A Grade	B Grade	B Grade
Ownership (%)	100	100	100
NLA (sqm)	4,012	11,635	4,640
Book valuation ($m)	13.4	54.7	20.9
Current valuation ($m)	13.4 30 June 2003	54.5 30 June 2003	20.7 30 June 2003
Major tenants	AGIMO	Perpetual Trustee Skandia	Thiess Contractors IMP

Como Centre
South Yarra, VIC

30 Cowper Street
Parramatta, NSW

190 George Street
Sydney, NSW

	Como Centre, South Yarra, VIC	30 Cowper Street, Parramatta, NSW	190 George Street, Sydney, NSW
Type	Commercial	Commercial	Commercial
Grade	A Grade	B Grade	B Grade
Ownership (%)	100	100	100
NLA (sqm)	25,269	7,992	9,498
Book valuation ($m)	62.0	20.6	42.1
Current valuation ($m)	59.7 30 June 2002	20.5 30 June 2002	42.0 30 September 2003
Major tenants	Channel 10 Buena Vista Telstra	Mirvac Group Woolworths	Deutsche Bank Deloittes

200 George Street
Sydney, NSW

IBM Building
Barton, ACT

John Oxley Centre
Milton, QLD

	200 George Street, Sydney, NSW	IBM Building, Barton, ACT	John Oxley Centre, Milton, QLD
Type	Commercial	Commercial	Commercial
Grade	C Grade	B Grade	B Grade
Ownership (%)	100	100	100
NLA (sqm)	5,588	4,048	13,138
Book valuation ($m)	24.2	10.9	35.9
Current valuation ($m)	24.0 31 October 2003	10.7 30 June 2002	35.3 30 June 2002
Major tenants	Clifton & Associates Arab Bank	IBM	Origin Energy John Holland Constructions Walter Construction

Lovett Tower
Woden, ACT

60 Margaret Street
Sydney, NSW

40 Miller Street
North Sydney, NSW

	Lovett Tower, Woden, ACT	60 Margaret Street, Sydney, NSW	40 Miller Street, North Sydney, NSW
Type	Commercial	Commercial	Commercial
Grade	B Grade	A Grade	A Grade
Ownership (%)	100	50	100
NLA (sqm)	20,540	40,440	12,665
Book valuation ($m)	46.0	123.1	80.3
Current valuation ($m)	46.0 31 December 2003	120.0 30 June 2003	80.3 30 June 2003
Major tenants	Department of Veterans' Affairs ATSIC	Reuters Royal Sun Alliance Shleston IP	Mirvac Group Baulderstone Hornibrook

MOJO Building
Southbank, QLD

Optus Centre
North Sydney, NSW

Perpetual Building
Canberra City, ACT

	MOJO Building, Southbank, QLD	Optus Centre, North Sydney, NSW	Perpetual Building, Canberra City, ACT
Type	Commercial	Commercial	Commercial
Grade	A Grade	Premium Grade	A Grade
Ownership (%)	100	100	100
NLA (sqm)	3,081	37,778	4,739
Book valuation ($m)	9.5	280.1	15.8
Current valuation ($m)	9.5 1 March 2002	280.0 30 June 2003	15.8 30 June 2003
Major tenants	Mirvac Group Mojo	Optus	Perpetual Trustee Fujitsu

Phillips Fox Building
Canberra City, ACT

Riverside Quay
Southbank, VIC

Royal Domain Centre
Melbourne, VIC

Type	Commercial	Commercial	Commercial
Grade	A Grade	A Grade	A Grade
Ownership (%)	100	100	100
NLA (sqm)	5,311	30,635	24,616
Book valuation ($m)	15.0	92.8	94.5
Current valuation ($m)	14.9 30 June 2002	90.1 June 2002 (1&3), September 2003 (2)	94.5 31 December 2003
Major tenants	Phillips Fox Marsh	Telstra DMR Group URS	Nortel Pasminco Toll

Sharp Building
Milsons Point, NSW

Sony House
Sydney, NSW

St George Centre
Canberra City, ACT

Type	Commercial	Commercial	Commercial
Grade	C Grade	C Grade	A Grade
Ownership (%)	100	100	100
NLA (sqm)	11,513	4,395	12,117
Book valuation ($m)	60.6	9.0	47.4
Current valuation ($m)	60.6 31 March 2004	9.0 1 March 2002	47.1 30 June 2003
Major tenants	Grey Advertising Toyota Finance	Sony Music	Mallesons Servcorp St George Bank

38 Sydney Avenue
Forrest, ACT

127 Creek Street
Brisbane, QLD

9 Help Street
Chatswood, NSW

	38 Sydney Avenue Forrest, ACT	127 Creek Street Brisbane, QLD	9 Help Street Chatswood, NSW
Type	Commercial	Commercial	Commercial
Grade	A Grade	B Grade	B Grade
Ownership (%)	100	100	100
NLA (sqm)	9,099	18,387	9,932
Book valuation ($m)	33.8	48.0	39.5
Current valuation ($m)	33.8 30 June 2002	48.0 30 June 2004	39.5 30 June 2004
Major tenants	DOCITA	QLD Railways Access QLD	CSR

101 Grenfell Street
Adelaide, SA

107 Mount Street
North Sydney, NSW

251 – 261 Salmon Street
Port Melbourne, VIC

	101 Grenfell Street Adelaide, SA	107 Mount Street North Sydney, NSW	251 – 261 Salmon Street Port Melbourne, VIC
Type	Commercial	Commercial	Commercial
Grade	A- Grade	A Grade	N/A
Ownership (%)	100	100	100
NLA (sqm)	13,273	6,791	10,020
Book valuation ($m)	27.8	34.0	17.3
Current valuation ($m)	27.8 30 June 2004	34.0 30 June 2004	17.3 30 June 2003
Major tenants	Minister for Government Enterprise	Data #3 Interwoven Australia GfA Australia	Holden

Mulgrave Business Park (No's. 1, 2 & 3), Mulgrave, VIC

Mulgrave Business Park (No. 4), Mulgrave, VIC

Artist's impression

Blacktown Mega Centa Blacktown, NSW

	Mulgrave Business Park (No's. 1, 2 & 3)	Mulgrave Business Park (No. 4)	Blacktown Mega Centa
Type	Commercial	Commercial	Retail
Grade	N/A	N/A	Bulky Goods Centre
Ownership (%)	100	100	100
NLA (sqm)	9,516	3,200	25,188
Book valuation ($m)	23.3	1.2	30.2
Current valuation ($m)	22.9 30 June 2004	1.3 30 April 2004	30.0 1 March 2002
Major tenants	National Foods	N/A	Bunnings Harvey Norman

Como Centre Retail South Yarra, VIC

Gippsland Centre Sale, VIC

Greenwood Plaza North Sydney, NSW

	Como Centre Retail	Gippsland Centre	Greenwood Plaza
Type	Retail	Retail	Retail
Grade	CBD Retail	Sub Regional	CBD Retail
Ownership (%)	100	100	100
NLA (sqm)	6,893	23,356	8,686
Book valuation ($m)	15.4	33.9	101.8
Current valuation ($m)	15.1 30 June 2002	32.5 30 June 2002	97.0 30 June 2003
Major tenants	Palace Cinema Jigsaw	Target Coles Supermarket Safeway	IGA Supermarket Greenwood Hotel

Hinkler Centres Bundaberg, QLD

ikon Retail Potts Point, NSW

Kawana Shoppingworld Buddina, QLD

	Hinkler Centres	ikon Retail	Kawana Shoppingworld
Type	Retail	Retail	Retail
Grade	Sub Regional	Convenience Centre	Sub Regional
Ownership (%)	100	100	100
NLA (sqm)	17,235	2,894	29,862
Book valuation ($m)	36.6	12.7	140.3
Current valuation ($m)	36.5 30 September 2003	9.3 (purchase price)	140.0 30 June 2003
Major tenants	Kmart Coles Supermarket Woolworths	Woolworths	Big W Woolworths Bi Lo

Metcentre Sydney, NSW

Moonee Ponds Central Moonee Ponds, VIC

Orange City Centre Orange, NSW

	Metcentre	Moonee Ponds Central	Orange City Centre
Type	Retail	Retail	Retail
Grade	CBD Retail	Convenience Centre	Sub Regional
Ownership (%)	50	100	100
NLA (sqm)	6,006	6,259	18,055
Book valuation ($m)	34.4	24.2	35.5
Current valuation ($m)	34.0 30 June 2003	24.1 30 June 2003	35.5 30 June 2004
Major tenants	Bay Swiss Priceline Virgin	Coles Supermarket	Big W Myer

Stanhope Village
Stanhope Gardens, NSW

Village Centre
St Marys, NSW

Waverley Gardens
Mulgrave, VIC

	Stanhope Village, Stanhope Gardens, NSW	Village Centre, St Marys, NSW	Waverley Gardens, Mulgrave, VIC
Type	Retail	Retail	Retail
Grade	Convenience Centre	Sub Regional	Sub Regional
Ownership (%)	100	100	100
NLA (sqm)	7,225	16,020	31,220
Book valuation ($m)	24.0	34.7	53.9
Current valuation ($m)	24.0 31 March 2004	34.3 30 April 2003	53.9 30 April 2003
Major tenants	Coles Supermarket	Woolworths Target	Safeway Target Bi Lo

Peninsula Homemaker Centre
Mornington, VIC

Artist's impression

44 Biloela Street
Villawood, NSW

64 Biloela Street
Villawood, NSW

	Peninsula Homemaker Centre, Mornington, VIC	44 Biloela Street, Villawood, NSW	64 Biloela Street, Villawood, NSW
Type	Retail	Industrial and Other	Industrial and Other
Ownership (%)	100	100	100
NLA (sqm)	32,000	15,839	22,937
Book valuation ($m)	12.6 (land only)	17.3	22.0
Current valuation ($m)	12.0 31 March 2003	17.3 30 September 2003	22.0 31 March 2004
Major tenants	N/A	First Fleet	Visy

Profile and prospects of Mirvac following implementation of the Proposal

Endeavour House
Coogee, NSW

Hawdon Industry Park
Dandenong, VIC

James Ruse Business Park
Northmead, NSW

	Endeavour House, Coogee, NSW	Hawdon Industry Park, Dandenong, VIC	James Ruse Business Park, Northmead, NSW
Type	Industrial and Other	Industrial and Other	Industrial and Other
Ownership (%)	100	100	100
NLA (sqm)	67,000 (site area)	20,900	26,306
Book valuation ($m)	82.1	12.2	27.8
Current valuation ($m)	N/A	12.2 31 March 2004	27.1 30 June 2002
Major tenants	Department of Defence	CSR Toy Kingdom	Brambles Winnings

Nexus Industry Park
Liverpool, NSW

271 Lane Cove Road
North Ryde, NSW

Scrivener Street
Warwick Farm, NSW

	Nexus Industry Park, Liverpool, NSW	271 Lane Cove Road, North Ryde, NSW	Scrivener Street, Warwick Farm, NSW
Type	Industrial and Other	Industrial and Other	Industrial and Other
Ownership (%)	100	100	100
NLA (sqm)	170,000 (site area)	11,516	31,371
Book valuation ($m)	2.4	25.0	21.0
Current valuation ($m)	22.0 (purchase price) (settlement post 30 June 2004)	25.0 1 March 2004	21.0 30 June 2004
Major tenants	N/A	Foxtel Thiess/John Holland Constructions	Pacific Brands Fantastic Furniture

1 – 47 Percival Street
Smithfield, NSW

Como Centre Car Park
South Yarra, VIC

Type	Industrial and Other		Car Park
Ownership (%)	100		100
NLA (sqm)	20,823	**Number of bays**	621
Book valuation ($m)	20.5		17.0
Current valuation ($m)	20.5 30 June 2004		17.0 30 June 2002
Major tenants	Sandvik Australia		Mirvac Parking

Quay West Car Park
Sydney, NSW

Riverside Quay Car Park
Southbank, VIC

Type	Car Park	Car Park
Ownership (%)	100	100
Number of bays	598	560
Book valuation ($m)	42.0	18.0
Current valuation ($m)	41.6 30 June 2003	17.7 30 June 2002
Major tenants	Mirvac Parking	Mirvac Parking

5.3 Overview of operations (continued)

(b) Development

The Development division will have two primary activities – residential development and investment (non-residential) development. These businesses provide Mirvac with access to a significant development pipeline, feeding its other business divisions with product.

Activity	Development pipeline ($bn)
Residential	8.3[1]
Investment (non-residential)	2.3[2]
Total pipeline	**10.6**

1. This amount reflects the revenues anticipated by Mirvac management from the development of approximately 120 residential projects which are scheduled to be developed within the next 10 years. The revenues are forward looking statements and are projected in budgets or feasibility studies prepared by Mirvac management for the projects and assume completion of the projects today. Accordingly, they should be regarded as targeted revenues and not a forecast of actual revenues. Actual revenues which are generated from the development of these residential projects are likely to differ from the targeted revenues, but it is not possible to quantify the difference. There are a number of risks associated with the development of residential projects which are referred to in Section 5.9 – Risk Factors. Please refer to page 17, notes 4 and 5, for relevant assumptions.
2. This amount is based on estimates of Mirvac management and JFG management of the market value on completion of their respective development projects which are referred to in Section 5.3 (b). These estimates are forward looking statements and are consistent with the feasibility studies and budgets prepared by the respective management teams for their projects. Note that these developments may not be completed for several years and they are subject to market demand and conditions. Note also that the figure is a targeted figure, not a forecast of the actual market values that will be obtained on completion of the developments. Actual market values are likely to differ from the targeted market values, but it is not possible to quantify the difference. There are a number of risks associated with investment developments that are referred to in Section 5.9 – Risk Factors. Please refer to page 17, notes 4 and 5, for relevant assumptions.

Residential development

Mirvac develops quality residential real estate in Western Australia, Victoria, NSW and Queensland, with a product range including contract housing, house and land packages, integrated housing estates, small lot homes and luxury apartments.

Mirvac is responsible for some of Australia's best known residential projects including *Newington*, *Newbury Estate* and *Walsh Bay* in NSW; *Arbour on Grey* and *Cutter's Landing* in Queensland; *Yarra's Edge*, *The Heath* and *The Melburnian* in Victoria and *The Peninsula* and *Bunker Bay* in Western Australia.

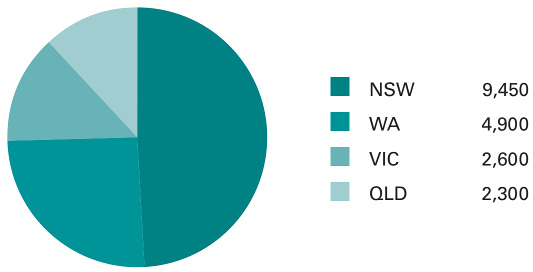
As at 30 June 2004, Mirvac had 19,250 lots under control with 75 per cent of these lots being houses/land.

Type of residential lots	Number of lots
Houses/land	14,500
Medium density	4,750
Total lots	**19,250**

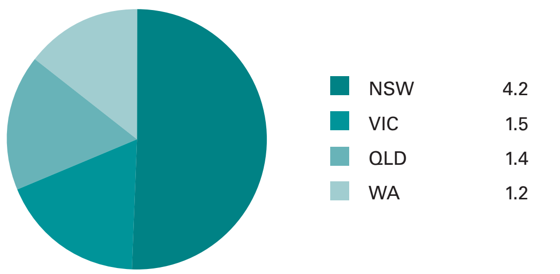
These lots are expected to generate $8.3 billion of revenue over 10 years as illustrated in the charts below.

Figure 3: Residential development lots

Number of lots by geographic location
as at 30 June 2004



Forecast revenue ($ billion)[1]
as at 30 June 2004



1. This amount reflects the anticipated revenues, expressed in today's dollar terms from the development of approximately 120 residential projects which are scheduled to be developed within the next 10 years. The revenues are projected in budgets or feasibility studies for the projects.

In response to changes in the market, Mirvac has increased its focus on land, housing and low rise apartments.

Housing demand is steady overall with good results in NSW. The Mirvac Directors believe the overall fundamentals for residential property based on long term demand remain sound.

Residential apartment market demand is experiencing short term weakness in Melbourne and Sydney, however, oversupply only exists in isolated areas. Western Australia and Queensland apartment markets remain steady.

At 30 June 2004, Mirvac had $625 million current exchanged and deposited contracts for which no realised profits have yet been brought to account.

Investment (non-residential) development

Investment (non-residential) development involves the development of non-residential properties. Commercial, retail, industrial and hotel developments will be included in Mirvac's investment (non-residential) development pipeline from time to time. The investment (non-residential) development pipeline will provide opportunities for growth within Mirvac's investment portfolio and may also be considered for contribution into Mirvac's External Funds Management division or may be otherwise sold to third parties.

As a result of the implementation of the Proposal, Mirvac will have an investment (non-residential) development pipeline of $2.3 billion. The pipeline has a combination of short and long term projects with over 20 projects in total.

A summary of the projects is outlined below.

Investment (non-residential) development pipeline

Project	**Estimated end value ($m)**
Sydney Basin Airports (33%)	500
Springfield Stage 2+ (ORION)[3] (66%)	360
George Street, Sydney[1]	200
Australian Centre for LifeLong Learning (50%)	175
Springfield Stage 1 (ORION)[3] (66%)	162
Pacific Place, Chatswood[1]	130
Darling Island II, Pyrmont	112
Nexus Industry Park, Liverpool[1]	100
Lorimer Street, Port Melbourne	100
Marcus Clark Street, Canberra (50%)	67
Waverley Gardens, Mulgrave	52
Hickson Road, Walsh Bay	50
191 – 197 Salmon Street, (Holden HQ)[2] (50%)	50
Network @ Eastern Creek[2] (50%)	50
Bundaberg Retail Centres	42
Thiess Building, Brisbane	41
Stanhope Village Stage 2[1]	25
251 – 261 Salmon Street, Port Melbourne	25
Waverley Gardens Stage 2[1]	20
Other[3]	18
Total[4]	**2,279**

1. Planning not finalised.
2. Managed on behalf of JF Trust/JF Meridian Trust.
3. Includes assets managed on behalf of JF Meridian Trust. Value to JFG is based on its approximately 15 per cent equity interest in JF Meridian Trust.
4. This amount is based on an estimate of market values of the completed developments assuming they had been completed today. Note these developments will in fact be completed over an extended period having regard to anticipated market demand.

(c) Management

The Management division will comprise hotel management and property services management.

Hotel management

Mirvac will manage and operate 24 hotels and serviced apartment properties across Australia and New Zealand, primarily under the *Quay Grand, Como, Quay West, The Sebel Residence, Sydney Marriott, The Sebel* and *Citigate Sebel* banners. In addition, Mirvac will be the responsible entity for two hotel trusts which own four properties operating under the *Peppers* and *Medina* banners. Based on numbers as at 30 June 2004, Mirvac will own three hotel properties and have a total of 3,229 rooms under management (refer table below), making it one of the largest Australian-owned hotel groups. The hotels owned and/or managed by Mirvac are listed below.

Hotel rooms as at 30 June 2004

Hotel	State	Number of rooms
Citigate Sebel, Sydney	NSW	270
Sydney Marriott Hotel, Sydney[1]	NSW	241
Peppers Fairmont, Blue Mountains[3]	NSW	210
The Sebel Pier One, Sydney	NSW	159
Citigate Sebel Waterfront Resort, The Entrance	NSW	129
Quay West Suites, Sydney	NSW	116
Hyde Park Plaza Suites, Sydney[2]	NSW	112
The Sebel Resort & Spa, Hawkesbury Valley	NSW	104
The Sebel Aqualuna Beach Resort, Coffs Harbour	NSW	92
Peppers Anchorage, Port Stephens[3]	NSW	80
The Sebel Kirkton Park, Hunter Valley	NSW	71
Quay Grand Suites, Sydney	NSW	66
The Sebel Residence, Chatswood	NSW	58
Peppers Manor House, Southern Highlands[3]	NSW	43
The Sebel, Melbourne	VIC	115
Quay West Suites, Melbourne	VIC	113
The Como, Melbourne[1]	VIC	107
The Sebel Heritage, Yarra Valley	VIC	102
Medina Executive, Brisbane[4]	QLD	161
The Sebel Suites, Brisbane	QLD	153
The Sebel Resort, Noosa	QLD	77
The Sebel Reef House & Spa, Palm Cove	QLD	69
Quay West Suites, Brisbane	QLD	66
Quay West Resort, Bunker Bay	WA	148
The Sebel, Perth	WA	118
The Sebel Residence, East Perth[1]	WA	59
The Sebel Suites, Auckland	NZ	133
Quay West Suites, Auckland	NZ	57
Total as at 30 June 2004		**3,229**

1. Properties owned by Mirvac.
2. Note that since 30 June 2004, Hyde Park Plaza management rights (112 rooms) have been sold and Sea Temple Resort and Spa, Palm Cove has become operational (up to 126 rooms) bringing the total number of rooms under management to 3,243.
3. These hotels are owned by Australian Hotel Fund, an ASX listed fund of which Mirvac will be the responsible entity.
4. This hotel is owned by Tourism and Leisure Trust, an ASX listed fund of which Mirvac will be the responsible entity.

Mirvac will continue to grow the Sebel and Quay West brands. The group's marketing and development strategy, combined with the quality of service for which Mirvac is known, will assist in generating future profit growth.

Property services management

Mirvac currently conducts its own internal property management activities, including building, financial and lease management, facilities management and strategic planning for its $2.3 billion stand-alone investment property portfolio. These operations will be complemented by the JFG business.

JFG's property services division undertakes the management of commercial, retail and industrial assets on behalf of JF Trust, JF Meridian Trust, other JFG entities and external clients. Having recently expanded into retail management, the division is now responsible for the management of a number of JFG's retail centres, with further centres to be transitioned over the next 12 months.

JFG property services business also offers clients the traditional building, financial and lease management services together with more specialised transaction services, facilities management, development, investment and risk management expertise.

At 30 June 2004, this division had seven contracts to manage 148 properties and an annual rent roll of $219 million.

External clients include:

- General Electric Real Estate (Victoria);
- Uniting Church of Western Australia;
- NSW Department of Public Works and Services Crown Property Portfolio - provision of strategic advice, lease portfolio management and facilities management. This is a four year contract involving the management of 88 buildings; and
- a 50/50 joint venture with Leighton Contractors, Infocus Management Pty Ltd, which provides facilities management and strategic planning advice to major multi-national industrial companies including Westpac's Sydney headquarters (currently under construction) worth $670 million.

The skills and systems provided by this business have the ability to improve performance, generate cost savings and strengthen tenant relationships.

In addition, property services management assists in the early stages of development projects by providing an in-depth knowledge of an asset prior to completion and expertise in the design and construction phase that will assist ongoing management and operation of an asset.

(d) External Funds Management

The External Funds Management division provides property and infrastructure funds management including managing listed property trusts, property debt funds, unlisted property funds including syndicates, infrastructure funds and property securities.

The External Funds Management division aims to provide superior returns for its investors within acceptable risk limits according to the objectives of the specific funds under management. The External Funds Management division currently has more than 30,000 institutions, major superannuation funds and private client investors across its various funds.

Mirvac will have a total of $1.7 billion external funds under management as a result of the implementation of the Proposal. A breakdown of this is provided below.

External funds under management

Business Unit	**$m**
JF Meridian Trust	795
JF Infrastructure (50%)	246
JF Direct	205
Perpetual James Fielding (50%)	146
Property Funds Australia (50%)	131
Hotel Capital Partners	92
JF Capital	73
Domaine (50%)	48
Total FUM	**1,736**

Other benefits of acquiring this external funds management business include:

- enhanced asset base;
- increased distribution capacity with approximately 60,000 investors across both groups; and
- enhanced ability to access new investors.

5.4 Pro forma historical financial information

(a) Statements of financial position

The audited statements of financial position of Mirvac and JFG (both on a stand-alone basis) at 30 June 2004, together with the pro forma statement of financial position of Mirvac following implementation of the Proposal are set out below:

	Mirvac (Pre Proposal) audited 30/6/04 $'000	**JFG (Pre Proposal) audited 30/6/04 $'000**	**Mirvac (Post Proposal) pro forma 30/6/04 $'000**
Current assets			
Cash assets	332,120	35,408	367,528
Receivables	98,764	7,722	106,486
Inventories	588,440	22,345	610,785
Other	19,599	1,192	20,791
TOTAL CURRENT ASSETS	**1,038,923**	**66,667**	**1,105,590**
Non-current assets			
Receivables	87,088	80,906	187,774
Investments – equity method	79,357	94,868	186,725
Other financial assets	28	956	984
Investment properties	2,445,972	253,862	2,699,834
Inventories	602,727	43,008	665,735
Plant & equipment	17,132	450	17,582
Intangible assets	24,126	22,540	154,001
Deferred tax assets	7,688	–	7,688
Other	3,379	1,635	5,014
TOTAL NON-CURRENT ASSETS	**3,267,497**	**498,225**	**3,925,337**
TOTAL ASSETS	**4,306,420**	**564,892**	**5,030,927**
Current liabilities			
Payables	161,024	29,084	205,108
Interest bearing liabilities	125,016	16,260	149,776
Current tax liabilities	20,522	103	20,625
Provisions	75,580	16,759	86,388
Other	5,134	–	5,134
TOTAL CURRENT LIABILITIES	**387,276**	**62,206**	**467,031**
Non-current liabilities			
Interest-bearing liabilities	1,529,183	139,754	1,668,937
Payables	75,500	553	76,053
Deferred tax liabilities	71,470	–	71,470
Provisions	2,914	–	2,914
TOTAL NON-CURRENT LIABILITIES	**1,679,067**	**140,307**	**1,819,374**
TOTAL LIABILITIES	**2,066,343**	**202,513**	**2,286,405**
NET ASSETS	**2,240,077**	**362,379**	**2,744,522**
Equity			
Contributed equity	1,978,411	352,264	2,477,226
Reserves	104,342	18,413	104,342
Retained profits	157,324	(13,928)	157,324
Parent company equity	**2,240,077**	**356,749**	**2,738,892**
Minority interests	–	5,630	5,630
TOTAL EQUITY	**2,240,077**	**362,379**	**2,744,522**

	Mirvac (Pre Proposal) audited 30/6/04 $'000	JFG (Pre Proposal) audited 30/6/04 $'000	Mirvac (Post Proposal) pro forma 30/6/04 $'000
Number of Securities	709,467,373	140,836,388	818,856,166
NTA per Mirvac Security ($)	3.12	N/A	3.16
NTA per JFG Security ($)	N/A	2.41	2.31
Gearing (%)	38.4	27.6	36.2

Basis of preparation

The Mirvac and JFG stand-alone statements of financial position at 30 June 2004 have been extracted from audited financial statements without adjustment.

The pro forma statement of financial position of Mirvac has been prepared on the basis that the Proposal was implemented on 30 June 2004. The pro forma adjustments made in preparing the pro forma are as follows:

		No of securities ('000)	$'000
(i)	Issue of additional JFG securities		
	In relation to Distribution Reinvestment Plan, reducing provisions	2,171	5,950
	In relation to Employee Share Scheme, increasing receivables	1,000	3,078
	In relation to exercise of options, funded by Mirvac, increasing receivables	5,840	16,702
		9,011	25,730
(ii)	Acquisition by JFG of 50 per cent interests in Property Funds Australia and Domaine, increasing investments – equity method, and interest bearing liabilities		8,500
(iii)	Accounting for the acquisition by Mirvac of JFG securities, as follows:		
	Number of JFG Securities on issue	149,848	
	Number of New Mirvac Securities issued as consideration using Merger Ratio of 0.73[1]	109,389	
	Estimate of price of Mirvac Securities at Implementation Date ($)	4.56[1]	

	$'000	$'000
Estimated value of consideration	498,814	
Acquisition costs	15,000	
Total cost of acquisition		**513,814**
Net assets attributable to JFG Securityholders:		
– at 30 June 2004	356,749	
– impact of (i) and (ii) above	25,730	
– estimated fair value adjustments[2]	52,000	434,479
Goodwill on acquisition[2,3]		79,335

Notes:

1. The value of the consideration will depend on the value of a Mirvac Security at the date the Proposal is completed.
2. The estimated fair value adjustments relate to an increase in carrying value of:

	$'000
Development properties included in non-current inventories	20,000
Intangible assets relating to management rights of the JFG funds management business	28,000
Investments accounted for using the equity method – primarily the infrastructure assets	4,000
	52,000

The actual amount of the fair value adjustments and hence the goodwill arising on acquisition will be determined by Mirvac following completion of the Proposal.

3. Until the introduction of IFRS, goodwill arising on acquisition will be amortised over the expected period of future benefits, not to exceed 20 years.

(b) Statements of financial performance

As noted in Section 5.2, the businesses of JFG and Mirvac are largely complementary and do not materially overlap. No material cost synergies are anticipated. The summary pro forma historical information that follows assumes that Mirvac, following the implementation of the Proposal, had been in existence for the whole of the years concerned, and represents an aggregation of the Mirvac and JFG historical information set out in Section 6, after adjusting for the amortisation over 20 years of the goodwill on acquisition of approximately $4.0 million per annum. The stand-alone earnings and distributions of Mirvac are set out in Section 5.5.

	Year ended 30 June 2002	Year ended 30 June 2003	Year ended 30 June 2004
Revenue ($m)	1,043	1,471	1,489
NPAT ($m)	168.5	232.4	276.7
Earnings per Mirvac Security (cents)			
– before amortisation of goodwill on acquisition	26.9	33.6	36.0
– after amortisation of goodwill on acquisition	26.2	33.1	35.5
Distributions per Mirvac Security (cents)	26.4	29.2	32.2

(c) Accounting policies adopted

The financial information in this Explanatory Memorandum has been prepared in accordance with Australian Generally Accepted Accounting Principles (AGAAP), being current Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board.

The adoption of Australian equivalents to International Financial Reporting Standards (IFRS) will be first reflected in the financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Mirvac and JFG have established project teams to manage the transition to the Australian equivalents of IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to IFRS. Some of these choices are still being analysed to determine the most appropriate accounting policy.

The major changes identified to date that will be required to existing accounting policies are as follows:

- investment properties: changes in the fair values of investment properties will be adjusted through the Statements of Financial Performance rather than through the asset revaluation reserve of the Statements of Financial Position;
- financial instruments: all interest rate and foreign currency derivatives will be recognised at fair value in the statements of financial position, with changes in fair value during the period recognised in the statements of financial performance, or if classified as a cash flow hedge and proved to be 100 per cent effective, deferred in equity in a hedging reserve; and
- goodwill: will no longer be amortised but will be subject to an annual impairment test.

These changes are the only material changes anticipated, but should not be regarded as the only changes in accounting policies that will result from the transition to IFRS as not all standards have been analysed and regulatory bodies have significantly ongoing projects that could affect the differences between AGAAP and IFRS.

While the application of IFRS may introduce volatility into forecast financial information, this will not affect the cashflows from operations and hence the distribution paid to Mirvac Securityholders.

The impact of the adoption of IFRS on the historic statements of financial performance is illustrated in the tables below:

	2002 $'000	2003 $'000	2004 $'000
Mirvac			
Net profit attributable to members of the Group under AGAAP as above	170,055	223,338	252,698
IFRS adjustments:			
– net increase in value of investment properties	14,921	47,810	20,693
– impact of accounting for financial instruments	–	–	–
– reversal of goodwill amortisation	1,547	1,498	1,347
Net profit attributable to members of the Group under IFRS	186,523	272,646	274,738

The above assumes that UIG53 'Pre-Completion Contracts for the Sale of Residential Development Properties' is retained by the AASB, which means there is no change to Mirvac's current accounting policy for revenue and profit recognition from the sale of development projects. If UIG53 is not retained, Mirvac would be required to change its revenue and profit recognition policy from the percentage completion method to the settlements method. The impact of applying the settlements method to the net profit attributable to members would have been:

Year ended 30 June	$'000	
2002	Nil	
2003	24,554	Decrease
2004	10,052	Increase

	2002 $'000	2003 $'000	2004 $'000
JFG			
Net profit attributable to members of the Group under AGAAP as above	2,385	13,047	28,000
IFRS adjustments:			
– net increase in value of investment properties	538	–	–
– impact of accounting for financial instruments	–	–	–
– reversal of goodwill amortisation	19	351	1,196
Net profit attributable to members of the Group under IFRS	2,942	13,398	29,196

	2002 $'000	2003 $'000	2004 $'000
Mirvac (pro forma)			
Net profit attributable to members of the Group under AGAAP	168,473	232,418	276,731
IFRS adjustments:			
– net increase in value of investment properties	15,459	47,810	20,693
– impact of accounting for financial instruments	–	–	–
– reversal of goodwill amortisation	5,533	5,816	6,510
Net profit attributable to members of the Group under IFRS	189,465	286,044	303,934

5.5 Distributions and earnings

Mirvac has announced that the cash distributions for the financial year ending 30 June 2005 will be 33.8 cents per Mirvac Security. The Mirvac Limited portion of the distributions are estimated to be franked at 30 per cent. Distributions are paid quarterly.

The Mirvac Directors made this announcement after taking into account, among other things, Mirvac's development pipeline, the availability of retained earnings and investment income.

If the Proposal is implemented, holders of JFG Securities who are on the Mirvac register on the relevant record dates during 2005 will be entitled to receive the following Mirvac distributions.

Record date	Distribution per Mirvac Security (cents)	Payment date
31 March 2005	8.6	29 April 2005
30 June 2005	8.6	29 July 2005

These distributions are each the equivalent of approximately 6.28 cents per existing JFG Security. JFG Securityholders will not participate in the Mirvac distribution of 8.3 cents per Mirvac Security which will be paid on 28 January 2005 in respect of the quarter ending 31 December 2004.

Mirvac's earnings and distributions to its securityholders since 2000, on a stand-alone basis, are set out in the table below.

Financial year	Earnings per Mirvac Security (cents)	Distribution per Mirvac Security[1] (cents)
2000[2]	24.76	23.92
2001[2]	26.54	24.86
2002	27.59	26.20
2003	34.87	29.00
2004	36.67	32.20

1. Excluding the impact of franking credits.
2. Distribution amounts have been adjusted for capital changes.

No earnings forecast is provided by Mirvac in this Explanatory Memorandum. The implementation of the Proposal is not expected to have any immediate material impact on earnings per Mirvac Security given the relative size of JFG to Mirvac. This is illustrated by comparison of the Mirvac stand-alone earnings per Mirvac Security to the pro forma earnings disclosed above.

The Mirvac Directors do not believe that they have grounds to make an earnings forecast for Mirvac before or after the Proposal has been implemented. The Mirvac Directors have come to this conclusion after giving due consideration to ASIC policy which deals with the inclusion of prospective financial information in documents such as this Explanatory Memorandum including that such forecasts should not be included where they are based on hypothetical assumptions or estimates.

Investors should note:

- During the 2004 financial year, the Investment division produced a profit after tax of $135.7 million, up from $119.5 million previously. The Investment division is one of the key earnings drivers for Mirvac with its 2004 result representing 53.7 per cent of Mirvac's total profit after tax, consistent with the 2003 financial year contribution to total profit after tax of 53.5 per cent.

  As at 30 June 2004, portfolio occupancy remained high with commercial at 97.2 per cent, retail at 99.3 per cent and industrial at 96.4 per cent. During the 2004 financial year, Mirvac completed commercial and industrial leasing deals totalling 100,100 square metres, representing 21.3 per cent of the commercial and industrial portfolio. Strong tenant retention of 73 per cent was achieved. Retail assets have also performed well, producing moving annual turnover growth of 5.6 per cent during the 2004 financial year.

  Mirvac's Investment portfolio is being continually enhanced through development of new assets, redevelopment and refurbishment of existing assets and acquisitions.

- Mirvac's Development division is the other key driver of its earnings. For the 2004 financial year, the Development division generated a profit after tax of $116 million, up from $100.5 million previously.

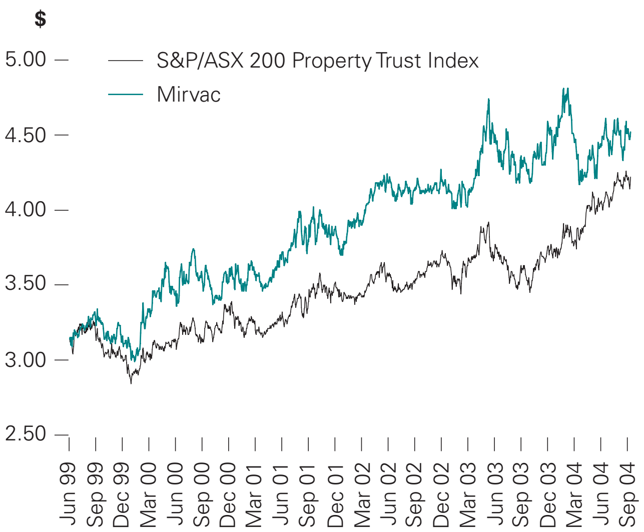
  Mirvac is actively diversifying profit generation within its residential development business to increase its exposure to the housing sector while maintaining its focus on apartments. A shift is also taking place in the residential markets from pre-sales to on-completion sales. While these changes may have a short term impact on Mirvac's earnings, the Mirvac Directors believe that the increased diversity, which provides exposure to the steady performance of the housing markets across Australia, will be beneficial to Mirvac Securityholders.

- Consistent with Mirvac history, the board has continued confidence in Mirvac's ability to provide securityholders with distribution growth underpinned by the generation of sustainable, long term earnings growth.

5.6 Recent price history of Mirvac Securities

Figure 4 below provides the trading history of Mirvac Securities from June 1999 (when Mirvac was formed through the merger of Mirvac Limited and its two listed property trusts) to 11 October 2004, the day prior to the announcement of the Proposal.

Figure 4: Historic Mirvac Security price performance



Source: IRESS

Note: The price of Mirvac Securities may fall as well as rise. Past performance is not necessarily a guide to future performance.

The table below provides summary statistics as to the VWAPs over the 24 months leading up to the announcement of the Proposal. The VWAP for this period was $4.33 per Mirvac Security. Average weekly value traded during this period was $49.6 million.

Mirvac price history

Time period[1]	VWAP ($)
24 month	4.33
18 month	4.40
12 month	4.41
6 month	4.37
90 day	4.43
60 day	4.48
30 day	4.49
10 day	4.40
5 day	4.42
1 day	4.53

1. Prior to closing price on 11 October 2004.

The latest recorded sale price of Mirvac Securities on ASX on 11 October 2004 (the day before the Proposal was announced) was $4.56.

The highest and lowest recorded sale prices of Mirvac Securities on ASX during the three months immediately before the date that this Explanatory Memorandum was lodged for registration with ASIC was $4.64 and $4.33, respectively. Average weekly value traded during this period was $72.7 million.

The last recorded sale price of Mirvac Securities on ASX before the date that this Explanatory Memorandum was lodged for registration with ASIC was $4.63.

5.7 Board of Directors and Executive Committee

Upon completion of the Proposal, Greg Paramor, the current managing director of JFG, will become managing director of Mirvac.

Robert Hamilton, founder and current managing director of Mirvac, will continue as an executive director with responsibility for Mirvac's development activities.

Nicholas Collishaw, who is currently an executive director and head of property at JFG, will become CEO of Mirvac's Investment division.

(a) Arrangements for current JFG Directors to join the Mirvac board

When the Proposal takes effect it is intended that:

- Mr Greg Paramor;
- Mr James MacKenzie; and
- Mr Richard Turner

will be invited to join the boards of directors of Mirvac Limited and Mirvac RE which is the responsible entity of the Mirvac Trust. Mr MacKenzie and Mr Turner are currently non-executive directors of JFG. As is usual these appointments will be made subject to complying with all necessary legal requirements.

The material terms of Mr Paramor's service agreement are as follows:

- the base remuneration will be $800,000 per annum, subject to annual review by the Remuneration Committee of Mirvac;
- an annual bonus entitlement for the financial year ending 30 June 2005 of up to $250,000 and thereafter at the Remuneration Committee's discretion, subject in both cases to the achievement of business and personal objectives;
- the agreement will continue until terminated by either party giving the other three months notice in writing (or payment in lieu of notice by Mirvac). Mirvac may also terminate the agreement for cause without notice; and
- on termination for any reason (other than serious misconduct), subject to the Corporations Act, Mirvac is to pay lump sum termination payment equal to total fixed remuneration over the last 12 months, inclusive of notice.

Section 12.7 sets out further details of benefits that Mr Paramor will receive in respect of JFG Options and JFG ESP Securities currently held by him.

(b) Board of Directors

The profiles of the existing directors of Mirvac and the JFG directors who will be invited to join the Mirvac board following implementation of the Proposal are set out below.

Adrian J. Lane, Chairman
BA, LLB

Adrian Lane will be the non-executive and independent Chairman of Mirvac. Mr Lane brings 40 years of senior legal and commercial experience to the Board, with a strong commitment to good corporate governance and the interests of securityholders. He is a member of the Audit Risk & Compliance Committee and the Remuneration Committee, and is Chairman of the Nomination Committee.

Mr Lane is Chairman of The Smith Family and was Chairman of OPSM Group Limited from 1980 to 2002. He has been a Mirvac Director since 1996.

Greg Paramor, Managing Director and Executive Committee Member
FAPI, FAICD

Greg Paramor is currently the managing director of JFG. Mr Paramor is a co-founder of JFG and played an integral part in the merging of JFH and JF Trust to create a merged stapled entity trading on ASX as the James Fielding Group.

He has been involved in the real estate and funds management industry for the past 30 years. He has participated in forming property vehicles for public investment since 1981 and was the co-founder of Growth Equities Mutual, Paladin Australia and JFG. He has been directly involved in the organisation of approximately $6 billion of commercial, retail and industrial projects and property securities. He is the immediate past president of the Property Council of Australia, a former chairman of the Investment Funds Association of Australia Limited and a Fellow of the Australian Property Institute. He is a director of a number of organisations and companies, including the Garvan Institute of Medical Research and Leighton Properties Pty Limited.

Robert J. Hamilton, Executive Director and Executive Committee Member
AREI, FAPI

Robert Hamilton was previously the managing director of Mirvac and, following implementation of the Proposal, will be responsible for Mirvac's development activities. He is currently Chairman of the Executive Committee and a member of the Nomination Committee. Mr Hamilton has extensive knowledge of the property investment and development industry and co-founded Mirvac in 1972. Since that time he has overseen its progress from being a Sydney-based development company to one of Australia's largest and most respected property groups. He has been on the Mirvac board since 1987.

Dennis J. Broit, Finance Director and Executive Committee Member
DipComm, CPA

Dennis Broit will continue as an executive director of Mirvac and as finance director. He is a member of the Executive Committee. Mr Broit has more than 36 years experience in the property industry with specific expertise in the financing of property development. He has been closely associated with Mirvac since 1983 and has been a director of Mirvac since 1987.

Roger A. Fortune, Executive Director and Executive Committee Member
FAPI

Roger Fortune will continue as an executive director of Mirvac and as a member of the Executive Committee. Mr Fortune has more than 36 years experience in the management of major residential, commercial and retail developments in Australia and overseas and has expertise in the area of hotel management. He has been a director of Mirvac since 1987.

Anna Buduls, Non-Executive Director
BA, MComm

Anna Buduls is a non-executive and independent director of Mirvac. She is a member of the Audit Risk & Compliance Committee and Chairman of the Remuneration Committee. Ms Buduls has strong experience in investor relations, the media and corporate advisory. She is a director of SAI Global Limited, Macquarie Generation, The Smith Family and Hamilton James & Bruce Group Limited. She has been a Mirvac Director since 1997.

Paul J. Biancardi, Non-Executive Director
BEc, FCA

Paul Biancardi is a non-executive and independent director of Mirvac, and is Chairman of the Audit Risk & Compliance Committee. Mr Biancardi has extensive experience in the areas of finance, taxation and human resources. He is a director of Crescent Capital Partners Limited. Mr Biancardi joined the Mirvac Board in 2001.

Geoffrey H. Levy, Non-Executive Director
BComm, LLB, ASIA

Geoffrey Levy is a non-executive and independent director of Mirvac. Mr Levy has more than 21 years of experience in the financial and corporate advisory sectors. He is currently chief executive officer of Investec Bank (Australia) Limited and its investment banking subsidiary, Investec Wentworth Pty Limited and holds non-executive directorships in other listed entities, being STW Group Limited and Ten Network Holdings Limited. He has been a Mirvac Director since 1997.

The Hon. Robert J. Webster, Non-Executive Director

Robert Webster is a non-executive and independent director of Mirvac, and is a member of the Remuneration Committee and Nomination Committee. Mr Webster has extensive experience in politics and finance, as well as in human resources. Mr Webster is a senior executive of Korn Ferry and a director of Allianz Australia, Brickworks Ltd and Macquarie Generation. He has been a Mirvac Director since 1997.

James MacKenzie, Non-Executive Director
BBus, FCA, FAICD

James MacKenzie is currently the Chairman of JFG. He is also Chairman of the Victorian WorkCover Authority and of the Victorian Transport Accident Commission. He is a director of the Victorian Major Events Company Limited, Circadian Technologies Limited, MediAire Inc and Monivae College Foundation Limited, and a member of the Council of St Catherine's School. He has a comprehensive knowledge of the financial services industry, previously holding senior executive positions with ANZ Bank, Norwich Union Australia and the Victorian Transport Accident Commission. Mr MacKenzie was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte, and he remains involved with Deloitte as a consultant. He became a director of a JFG company in February 2001.

Richard Turner, Non-Executive Director
FCA, BEc, AM

Richard Turner is currently a non-executive director of JFG and is a chartered accountant and former CEO of Ernst & Young. He is the Chairman of Capital Finance Australia Limited and a director of HBOS Australia Limited, Publishing and Broadcasting Limited, Crown Casino Limited and the Pain Management Institute at Royal North Shore Hospital. He is a past president of The Smith Family and remains a director of the companies comprising their group activities. He became a director of a JFG company in February 2001.

(c) Executive Committee

The Executive Committee will include the executive directors Greg Paramor, Robert Hamilton, Dennis Broit and Roger Fortune. Mirvac's Executive Committee members will be increased to 12 to accommodate Mr Paramor. Other senior management members that will form part of the Executive Committee are outlined below.

Nicholas Collishaw, CEO Investment Division
ASIA (Aff), AAPI

Nicholas Collishaw is the current head of property at JFG and has been involved in property and property funds management for more than 20 years. He has extensive experience in commercial, retail and industrial property throughout Australia. In various roles he has co-ordinated both business acquisitions and investment fund creation as well as implementing portfolio sales programs. Nicholas has also managed many large investment acquisitions.

Chris Freeman, CEO Queensland Development
BComm, FAICD, FAIBF, FDIA

For the past eight years, Chris has held senior roles in the property development industry including a term as Executive Director of Sunland Group Limited. He joined Mirvac in 1998 as CEO of Mirvac Queensland Development and has directed the growth of the Queensland Development division with a range of flagship projects with a total value that exceeds $2 billion.

Mick O'Brien, CEO New South Wales Development

Mick O'Brien has more than 25 years' experience in residential and infrastructure development projects through his roles in Commonwealth and NSW State Governments, and Mirvac.

Joining Mirvac's NSW Development Division in early 2001, Mick managed a number of residential and commercial projects, including the 16,000m^2 Bay Centre commercial office building in Pyrmont.

Mick was appointed CEO Victoria in 2002 and was involved in projects such as Waverley Park, Beacon Cove, Yarra's Edge, The Heath and SY21. Mick returned to Sydney as CEO NSW Development in mid 2004.

Robert Lynch, CEO New South Wales Housing Development

Robert Lynch is responsible for the Mirvac Homes Division operation and is a member of Mirvac's National Design Review Committee. Robert has been involved with many housing developments including Stanhope Gardens, Sanctuary Gardens at Westleigh and Madison Gardens at Carlingford. He has been responsible for the expansion of Mirvac Homes into a major player in the Sydney market.

Brett Draffen, CEO Victoria Development
BBus (Valuation and Land Economy)

Brett Draffen joined the Fini Group in WA in 1996. Following the acquisition of Fini Group by Mirvac, Brett assumed the position of development director with Mirvac Fini, with a primary focus on new business acquisitions. Responsibilities included direct control of all projects, co-ordination of in-house development executives, joint venture partner liaison and reporting, strategic marketing initiatives and new project conceptualisation.

In July 2004 Brett was appointed CEO Mirvac Victoria Development, and its current major projects include Waverley Park, Beacon Cove, Yarra's Edge, Canterbury and Torquay Sands.

Adrian Fini, CEO Western Australia Development
BComm

Adrian Fini is the CEO of Mirvac Fini, a recently formed Western Australian division of Mirvac resulting from the acquisition of Fini Group by the Mirvac Group in July 2001.

Adrian has over 20 years experience in property development and construction. It was under his leadership as managing director of the Fini Group of companies, that the company experienced outstanding growth and dominance to become one of Western Australia's most reputable and successful real estate development and building companies.

Andrew Turner, CEO Hotels
BSc (Hotel Management)

Andrew Turner has been CEO of Hotels since August 1994. He is responsible for the management of Mirvac's 24 hotels in Australia and New Zealand, operating under the key brands of Sebel and Quay West. He has also held positions in the hotel and travel industry in Australia, France and the United Kingdom.

Chris Langford, CEO Retail Projects
BArch (Melb)

Chris has over 15 years of development experience working with Lend Lease and Mirvac on a range of retail, commercial and residential projects.

As development director at Mirvac, Chris has been responsible for securing development approvals for Pacific Place, Chatswood, the retail refurbishment of one of Mirvac's major investments at Metcentre in the Sydney CBD, negotiating the purchase of land and DA approval for a neighbourhood retail centre at Stanhope Gardens and the recent purchase of two of Mirvac's commercial investments. Chris was appointed CEO of Retail Projects in 2004.

5.8 Corporate governance

Mirvac reviewed its committee charters, and its corporate governance practice and policies during the 2004 financial year, in light of the 10 key governance principles in the Guidelines of the ASX Corporate Governance Council.

The Mirvac corporate governance documentation is available on the Mirvac website www.mirvac.com.au.

It is intended that Mirvac will comply with the Mirvac Group Committee charters and the practices and policies. The key features are set out below.

The Board

Mirvac revised its Board Charter in July 2003 and it sets out the functions and responsibilities of the board and those delegated to management through the Executive Committee. The Board Charter is reviewed each year.

Independent directors

The independence of directors is reviewed at least annually, and when interests are disclosed, and based on the definition of independence used by the ASX Corporate Governance Council. In July 2003 and June 2004 the board determined that all five non-executive directors were independent under the guidelines.

The performance of the board, and individual non-executive directors is reviewed each year.

The review of the board, its committees and their members for the year ended 30 June 2004, has been conducted by an independent consultant together with the Chairman. The process included interviews by the consultant with each board member and feedback provided to the Chairman, individual directors, and the board as a whole by the consultant and the Chairman.

Term

All directors (except the managing director) are presented for re-election at the annual General Meeting at least every three years in accordance with legal and regulatory requirements.

In the year to 30 June 2004, Mirvac did not set a fixed term of office for its directors, which is a departure from one of the recommendations of the ASX Principles of Good Corporate Governance. The mix of experience and expertise of the current directors is of value to Mirvac, and it does not wish to arbitrarily limit the terms of office of directors. The board considers the period of service of a director in assessing his or her independence.

Board committees

The board committees are:

Audit Risk and Compliance Committee advises the board on all aspects of internal and external audit, including accounting procedures, financial reports, risk management and compliance. It also assists the board on issues such as assessing the independence of directors.

Remuneration Committee approves remuneration packages and policies applicable to the managing director, directors and senior executives. The total remuneration available for non-executive directors is approved by Mirvac Securityholders. The Remuneration Committee also oversees the Mirvac EIS, performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies. Where appropriate, the Remuneration Committee seeks independent professional advice from third parties.

Nomination Committee reviews the composition and performance of the board, including the time required of directors, the appointment and retirement of directors, and board succession plans.

Executive Committee oversees the day-to-day activities of Mirvac on behalf of the board with delegated responsibility under the Board Charter. The Executive Committee reports to the board.

Ethical and responsible decision-making

Mirvac insists on all directors and employees acting in an ethical manner and observing the highest standards of integrity.

The Mirvac Group Code of Conduct applies to all directors and employees. It refers to the Mission Statement, the Policy on Dealing in Mirvac Securities and the Policy on Communication and Market Disclosure.

Risk management

Mirvac constantly balances its obligation and desire to create wealth for securityholders with the risks involved in the business development and investment opportunities that it pursues. Mirvac aims to manage its risk at an acceptable level according to Mirvac objectives and appetite for risk, by ensuring that all significant risks are identified and managed appropriately at the correct level within the organisation. This is reflected in a formal risk policy.

To maintain the alignment of risk management activities with corporate objectives, Mirvac employs a risk management system based on Australian Standard 4360.

Remuneration policy and procedures

Mirvac's remuneration policy seeks to ensure competitive, performance based remuneration in order to attract, retain and motivate the best talent in the industries in which it operates.

Performance management and performance development are core elements of our remuneration practices.

Structure of remuneration

Remuneration is structured in the components of:

- fixed remuneration;
- short term variable remuneration; and
- long term variable remuneration.

Review of remuneration

Each component of remuneration is reviewed annually throughout Mirvac after considering collected market data, individual performance and business performance. The implementation of the policy involves the provision of market competitive remuneration packages; targeted use of short term incentives in the form of cash bonuses; and extensive awarding of long term incentives in the form of Mirvac Securities issued under the Mirvac EIS approved by Mirvac Securityholders from time to time. Certain key executives are also invited to participate in an employee loan scheme that includes forgiveness of loans.

No individual is directly involved in deciding his or her own remuneration.

Remuneration of directors and divisional CEOs

Non-executive directors are remunerated by fees, including statutory superannuation. They do not receive options or bonus payments, and they do not participate in the Mirvac EIS. The remuneration of executive directors and the divisional chief executive officers is reviewed in details by the Remuneration Committee. Market competitive remuneration packages are paid to executives and strict criteria need to be met in order to determine the level of each executive's participation in either short or long term incentives. The major criteria include the attainment of personal key performance indicators (annually set for each individual executive) which involve divisional and group operational and financial goals, and Mirvac delivery of total securityholder returns.

Loans

Loans have been made to executives and executive directors under the Mirvac EIS and employee loan scheme approved by securityholders. At 30 June 2004, loans totalled $64,810,000, and are interest-free.

Details of loans are in the full financial reports for Mirvac, which are lodged with ASIC and the ASX and are available on the website.

Retirement benefits

The only non-executive director entitled to retirement benefits is the Chairman. While this is a departure from Recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations, the retirement benefit has resulted from an existing agreement between Mirvac and the Chairman that was made prior to the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The amount accrued at 30 June 2004 is $361,200 and it is frozen at that amount. It will be paid to him upon his retirement, when that occurs.

5.9 Risk Factors

Holders of JFG Securities and investors generally should be aware that there are a number of risks associated with investing in Mirvac Securities, many of which are similar to investing in JFG Securities. A number of these risks also apply to investments in other ASX listed securities and property related businesses. The future level of income distributions to holders of Mirvac Securities, of its businesses and assets, and the market value of Mirvac Securities may be influenced by one or more of these risk factors. A number of risk factors that may impact the future financial performance of Mirvac, after the Proposal is implemented, the industries in which it operates, and the price at which Mirvac Securities may trade, are summarised below.

The following does not purport to be an exhaustive list of all the risk factors that may impact the future financial performance of Mirvac.

(a) General business risks

(i) General economic conditions

Changes in prevailing economic conditions may impact unfavourably on Mirvac's businesses, and possibly the market price of Mirvac Securities. Relevant economic factors will include changes in interest rates and inflation, changes in gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment and property market volatility.

(ii) Property market

Mirvac's earnings will be subject to the prevailing property market conditions. Adverse changes in prevailing market sentiment in any of the sectors of the property market in which Mirvac operates or invests may adversely affect earnings. These factors may adversely affect the value of, and returns generated from, property investments, management and development and construction projects undertaken by Mirvac from time to time, and may influence the acquisition of sites, the timing and value of sales, and the carrying value of projects and income producing assets.

(iii) Land values

Events may occur from time to time that affect the value of land or development costs which may then impact the financial returns generated from particular property related investments, businesses or projects. For example, unanticipated environmental issues, land resumptions and major infrastructure requirements may impact on future earnings of Mirvac.

(iv) Funding

The property investment and development sector is highly capital intensive. The ability of Mirvac to raise funds (equity or debt) on acceptable terms will depend on a number of factors including capital market conditions, general economic and political conditions, Mirvac's performance, and credit availability. Changes in the cost of current and future borrowings and equity raisings may impact the earnings of Mirvac, and impact the availability of funding for new projects or increase refinancing risks as debt facilities mature.

Mirvac accesses and utilises both the bank and debt markets for debt funding.

(v) Regulatory issues and changes in law

The Australian Taxation Office is currently undertaking a taxation review of Mirvac. This review is part of its wider enquiry into the construction industry and major corporate groups. The review relates to both income tax and goods and services tax payable in respect of a number of projects undertaken by Mirvac. Mirvac has not been informed of the results of the review.

Mirvac will be subject to the usual business risk that there may be changes in laws that have an adverse impact on Mirvac, whether by increasing current business costs or impacting on income and financial performance.

(vi) Competition

Mirvac faces competition from within the Australian property sector, which is currently experiencing a period of consolidation and change. Mirvac also operates with the threat of new competition entering the market. Competition may lead to an oversupply through overdevelopment, or to prices for existing properties or services being impacted by competing bids. The existence of such competition may have an adverse impact on Mirvac's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis, or the pricing of construction projects or development opportunities which in turn may impact Mirvac's financial performance and returns to investors.

(vii) Conflicts of interest with joint venture partners

Mirvac and JFG currently undertake joint ventures with co-owners on asset ownership and business partners on development projects. At times, major decisions are required to be made in respect of these joint venture arrangements (eg redevelopment and refurbishment, refinancing, the sale of assets or surplus land, the purchase of additional land and bid pricing). The interests of Mirvac may not always be the same as those joint venture partners in relation to these matters. These matters will be subject to the relevant agreements (which may include pre-emptive rights or first rights of refusal in relation to co-owned assets or other buy-sell provisions which may be disadvantageous to the parties, including Mirvac) and the parties' performance under these agreements.

(viii) Environmental

Mirvac will from time to time, be exposed to a range of environmental risks including:

- soil and water contamination;
- construction (lead paint, asbestos, PCB's);
- cultural heritage (aboriginal);
- flora and fauna (native vegetation, endangered species); and
- greenhouse gases.

In addition, there is a risk that property owned or projects undertaken by Mirvac from time to time may be contaminated by material harmful to human health (such as asbestos and other hazardous materials). In these situations, Mirvac may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities.

(ix) Other external factors

Other external factors which may impact on Mirvac's performance include changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war or insurrection.

(x) Stock market risks

The price that Mirvac Securities trade on ASX may be determined by a range of factors, including:

- changes to local and international stock markets;
- inflation;
- changes in interest rates;
- general economic conditions;
- changes to the relevant indices in which Mirvac participates, the weighting that Mirvac has in the indices and the implication of those matters for institutional investors that impact their investment holdings in Mirvac Securities;

- changes in government, fiscal, monetary and regulatory policies; and
- demand and supply of listed property trust securities.

In the future, one or more of these factors may cause Mirvac Securities to trade below current prices and may affect the revenue and expenses of Mirvac. In addition, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Mirvac.

(xi) Returns from investment

Returns from property investment assets largely depend on the rental generated from the property and the expense incurred in the operation, including the management and maintenance of the property as well as the changes in the market value of the property. Factors which may adversely impact these returns include:

- the overall conditions in the national and local economy, such as changes to growth in gross domestic product, employment, inflation and interest rates;
- local real estate conditions, such as changes in the demand and supply for retail, office, industrial or hotel/tourism assets or rental space;
- changes in demand resulting in a downturn in the tourism industry, which may affect revenue and/or occupancy levels in the hotel and resort portfolio;
- the perception of prospective tenants regarding attractiveness and convenience of assets;
- the convenience and quality of properties;
- changes in tenancy laws;
- external factors including war, terrorist or force majeure events;
- unforeseen capital expenditure;
- supply of new properties and other investment assets; and
- investor demand/liquidity in investments.

(xii) Leasing terms and tenant defaults

The future financial performance of Mirvac will depend on its ability to continue to lease existing retail, office, industrial and hotel space that is currently vacant, or that becomes vacant on expiry of leases, on economically favourable terms. In addition, the ability to lease new asset space in line with expected terms will impact on the financial performance of Mirvac.

(xiii) Liquidity of property investments

The nature of investments in property assets may make it difficult to generate liquidity in the short term if there is a need to respond to changes in economic or other conditions.

(xiv) Acquisition of properties

A key element of Mirvac's future strategy will involve the acquisition of assets to add to the property investment portfolio. There are inherent risks in such acquisitions. These risks could include unexpected problems or other latent liabilities such as the existence of asbestos or other hazardous materials or environmental liabilities. There are also risks associated with integration of businesses, including financial and operational issues as well as employee related issues.

(xv) Interest rate risk

Increases in long-term interest rates may have implications for the property sector and the interest that investors have, from time to time, in making investments in the property sector. Increases in interest rates could also impact Mirvac's cost of funding and its future earnings including because of the possible impact of an increase in interest rates on the returns from Mirvac's investment property portfolio and any resulting impact on the demand for residential property developed by Mirvac.

(b) Risks associated with development activities

Mirvac is subject to the risks associated with its development and re-development activities associated with its property portfolio, including:

- general decline in demand for property;
- settlement/credit risk on pre-sold land lots/units;
- income derived from re-developed properties being lower than expected;
- factors impacting Mirvac's ability to complete existing and future projects, including industrial disputes, inclement weather and cost overruns;
- construction not being completed on budget or on schedule;
- failure to obtain, or delays in obtaining, required plan registrations, approvals, permits or licences, eg due to community objections or delays by local and state authorities;

- trade practices law risk, including misleading and/or deceptive conduct with the general public;
- temporary disruption of income from a property due to a delay in completion;
- securing of land supply for future projects; and
- additional environment remediation issues not previously identified or allowed for.

(c) Risks associated with construction activities

Mirvac is subject to the general risks associated with construction activities, including:

(i) Reliance on key contractors

Mirvac is subject to the general risks associated with reliance on key contractors and the ability to replace key contractors in the event that a contract is not completed or workmanship is of inferior quality or delayed in delivery. Failure to do so may have an impact on the financial performance of Mirvac.

(ii) Time delay risks

Time delay risks may arise from a number of issues, including delays in development approvals, complex construction specifications, changes to design briefs, legal issues, supply of labour, supply of materials, inclement weather, land contamination, difficult site access, industrial relations issues and interest group objections. Time delays may result in liquidated or consequential damages claims, termination of lease and/or pre sale agreements or other financial impacts which may affect the financial performance of Mirvac.

(iii) Liquidated damages

A number of construction contracts have either no caps on liquidated damages or caps that could be material to the financial performance of Mirvac. Liquidated damages can arise from delays in delivery of construction projects and are a common contractual requirement in the construction industry.

(iv) Consequential loss risk

In some instances construction contracts have consequential loss clauses where the constructor may be liable for any financial loss incurred by the principal as a result of delays in the delivery of the project.

(v) Design risk

Design risk may arise where Mirvac assumes design responsibility, causing the risk that design problems or defects may result in rectification or other costs or liabilities that cannot be recovered.

(vi) Quality and workmanship risk

Quality and workmanship risk may arise in the event that Mirvac fails to fulfil its statutory and contractual obligations in relation to the quality of materials and workmanship, including warranties and defect liability obligations. This may impact on Mirvac's financial performance.

(vii) Risk of counter-parties

Counterparty risks may arise in circumstances where parties with which Mirvac has dealings with experience financial difficulties with consequential adverse effects for the relevant projects or assets, which may impact on Mirvac's financial performance.

(viii) Pricing risk

Pricing risk may arise on projects in which Mirvac enters into construction contracts on the basis of cost estimates, which ultimately prove to be insufficient.

(ix) Bid costs

Risks associated with bid costs will arise as Mirvac submits proposals for assignments often in response to a tender process. The costs can be significant and if Mirvac does not gain preferred bidder status, will be written off in the period of the loss. Additionally, there is a risk that even if preferred bidder status is achieved but financial close is not reached, bid costs will also be written off.

(x) Bonding

Many clients require that projects are bonded by specialist sureties. Should there arise circumstances where Mirvac fails to fulfil its obligations under a bonded contract the surety may take control, complete and charge cost overruns and expenses related to this and all other bonded projects to Mirvac.

(xi) Occupational health and safety issues

Inherently the construction industry has incidents that occur that could lead to injuries occurring to those in and around construction sites which can lead to liability or sanctions being imposed on Mirvac which can impact earnings or financial performance.

6 Historical financial information

To assist JFG Securityholders in their consideration of the Proposal, this Section sets out some historical financial information regarding JFG and Mirvac over the last three financial years ended 30 June 2002, 30 June 2003 and 30 June 2004 respectively.

6.1 Financial snapshot

(a) JFG

	Year ended 30 June 2002	Year ended 30 June 2003	Year ended 30 June 2004	Change from 30 June 2003 (%)
Total revenue ($m)	15.9	47.1	88.5	87.9
NPAT ($m)	2.4	13.0	28.0	115.4
Earnings per security (cps)	6.82	15.27	22.68	48.5
Distribution per security (cps)	22.33	23.00	23.80	3.5
Tax components (%)				
– Assessable	35.20	40.35	30.85	(23.5)
– Tax deferred	64.80	16.30	54.05	231.6
– Discounted capital gain	–	13.95	–	(100.0)
– CGT concession amount	–	13.95	–	(100.0)
– Other capital gain	–	15.45	15.10	(2.3)
NTA per security ($)	2.36	2.32	2.41	3.9
Total assets ($m)	235.5	378.0	564.9	49.4
Total borrowings ($m)	58.2	84.0	156.0	85.7
Gearing (%)	24.7	22.2	27.6	24.3

(b) Mirvac

Total revenue ($m)	1,027	1,424	1,400	(1.7)
NPAT ($m)	170	223	253	13.5
Earnings per security (cps)	27.59	34.87	36.67	5.2
Distribution per security (cps)	26.20	29.00	32.20	11.0
Tax Components of distribution (cps)				
– Assessable	10.10	12.56	11.59	(7.7)
– Tax deferred	7.68	8.37	7.73	(7.6)
– Franked income	8.42	8.07	12.88	59.6
– Franking credit	3.61	3.46	5.52	59.5
NTA per security ($)	2.76	2.98	3.12	4.7
Total assets ($m)	2,777	3,642	4,306	18.2
Total borrowings ($m)	799	1,228	1,654	34.7
Gearing (%)	28.8	33.7	38.4	13.9

6.2 JFG financial information

(a) Statement of financial performance

	Year ended 30 June 2002 $'000	Year ended 30 June 2003 $'000	Year ended 30 June 2004 $'000
Rental income	14,114	21,004	20,880
Revenue from other ordinary activities	1,810	26,144	67,596
Revenue from ordinary activities (excluding share of equity accounted net profits of associates and joint ventures)	**15,924**	**47,148**	**88,476**
Property outgoings	(3,844)	(5,216)	(4,602)
Repairs and maintenance	(260)	(254)	(169)
Borrowing costs expense	(3,210)	(5,375)	(6,033)
Rental expense	(532)	(569)	(699)
Consulting and professional fees	(462)	(1,878)	(2,025)
Carrying amount of investments sold	–	(5,463)	(27,885)
Employee benefits expense	(1,463)	(6,263)	(10,302)
Depreciation and amortisation expenses	(19)	(655)	(1,694)
Change in net market value of investment assets	–	–	849
Changes in inventories of work in progress	–	(4,450)	(8,501)
Other expenses from ordinary activities	(3,414)	(4,112)	(5,416)
Share of net profits of associates and joint venture partnerships accounted for using the equity method	(335)	425	5,981
Profit from ordinary activities before related income tax expense	**2,385**	**13,338**	**27,980**
Company income tax benefit/(expense)	–	(108)	20
Profit from ordinary activities after income tax expense	**2,385**	**13,230**	**28,000**
Net profit attributable to outside equity interest	–	(183)	–
Net profit attributable to members of the Group	**2,385**	**13,047**	**28,000**
Total revenues, expenses and valuation adjustments attributable to members of the Group recognised directly in equity	**538**	**–**	**–**
Total changes in equity other than those resulting from transactions with stapled securityholders as owners	**2,923**	**13,047**	**28,000**
Basic earnings per stapled security (cents)	6.82	15.27	22.68
Diluted earnings per stapled security (cents)	6.76	15.24	22.65

6.2 JFG financial information (continued)

(b) Statement of financial position

	As at 30 June 2002 $'000	As at 30 June 2003 $'000	As at 30 June 2004 $'000
Current assets			
Cash assets	35,929	18,676	35,408
Receivables	5,365	10,699	7,722
Investment properties	–	24,057	–
Property development inventories	4,450	–	22,345
Other financial assets	–	87	–
Other	2,207	936	1,192
TOTAL CURRENT ASSETS	**47,951**	**54,455**	**66,667**
Non-current assets			
Receivables	1,417	10,740	80,906
Investments accounted for using the net market value and equity method	353	4,213	94,868
Other financial assets	1,002	71,311	956
Investment properties	184,153	177,094	253,862
Property development inventories	–	36,130	43,008
Property, plant and equipment	94	347	450
Intangible assets	–	22,791	22,540
Other	553	908	1,635
TOTAL NON-CURRENT ASSETS	**187,572**	**323,534**	**498,225**
TOTAL ASSETS	**235,523**	**377,989**	**564,892**
Current liabilities			
Payables	4,432	6,143	29,084
Current tax liabilities	–	129	103
Provisions	4,476	12,524	16,759
Interest-bearing liabilities	–	–	16,260
TOTAL CURRENT LIABILITIES	**8,908**	**18,796**	**62,206**
Non-current liabilities			
Payables	38	–	553
Interest-bearing liabilities	58,215	84,029	139,754
TOTAL NON-CURRENT LIABILITIES	**58,253**	**84,029**	**140,307**
TOTAL LIABILITIES	**67,161**	**102,825**	**202,513**
NET ASSETS	**168,362**	**275,164**	**362,379**
Equity			
Parent entity interest			
– Contributed equity	154,037	263,063	352,264
– Reserves	22,338	22,233	18,413
– Accumulated losses	(8,013)	(15,595)	(13,928)
Total parent entity interest	**168,362**	**269,701**	**356,749**
Outside equity interests in controlled entities	–	5,463	5,630
TOTAL EQUITY	**168,362**	**275,164**	**362,379**

6.2 JFG financial information (continued)

(c) Statement of cash flows

	Year ended 30 June 2002 $'000	Year ended 30 June 2003 $'000	Year ended 30 June 2004 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	17,194	41,703	77,712
Payments to suppliers and employees (inclusive of GST)	(12,014)	(27,023)	(41,255)
Interest received	157	1,221	3,344
Borrowing costs paid	(3,128)	(3,482)	(4,237)
Distributions/dividends received	–	21	4,320
Income tax paid	(16)	(21)	(6)
Net cash inflow from operating activities	**2,193**	**12,419**	**39,878**
Cash flows from investing activities			
Payments for investments	(1)	(73,831)	(20,646)
Payments for property, plant and equipment	(66)	(342)	(274)
Payments for investment properties	(61,898)	(2,997)	(74,006)
Loans to unrelated parties	–	(4,050)	(9,644)
Loans to related parties	(1,923)	(5,258)	(56,485)
Proceeds from sale of investment	–	9,167	25,700
Payments for project development	(1,939)	(35,118)	(30,764)
Payments for other assets	(1,102)	–	(1,025)
Loan repayments received	14	49	1,676
Payments for purchase of controlled entities, net of cash acquired	(109)	(33,362)	298
Proceeds from sale of controlled entities	–	8,355	9,711
Net cash outflow from investing activities	**(67,024)**	**(137,387)**	**(155,459)**
Cash flows from financing activities			
Net proceeds from the issues of shares/units	111,573	109,025	76,819
Proceeds from borrowings	37,315	40,515	163,739
Repayment of borrowings	(41,235)	(29,715)	(93,000)
Dividends/distributions paid	(6,584)	(12,610)	(14,750)
Distributions paid to outside equity interests in controlled entities	(4,136)	–	(495)
Net cash inflow from financing activities	**96,933**	**107,215**	**132,313**
Net increase/(decrease) in cash held	32,102	(17,753)	16,732
Cash at the beginning of the financial year	4,327	36,429	18,676
Cash at the end of the financial year	**36,429**	**18,676**	**35,408**

6.3 Mirvac financial information

(a) Statement of financial performance

	Year ended 30 June 2002 $'000	Year ended 30 June 2003 $'000	Year ended 30 June 2004 $'000
Revenue from operating activities	1,010,612	1,378,517	1,378,543
Revenue from outside the operating activities	5,357	24,243	7,091
Revenue from ordinary activities (excluding share of equity accounted net profits of associates and joint ventures)	**1,015,969**	**1,402,760**	**1,385,634**
Cost of goods sold	(622,382)	(893,767)	(801,578)
Employee benefits expense	(65,432)	(73,026)	(87,381)
Depreciation and amortisation expenses	(5,940)	(6,903)	(6,801)
Borrowing costs expense	(34,022)	(65,862)	(89,723)
Property outgoings	(35,384)	(46,941)	(54,142)
Other expenses from ordinary activities	(57,350)	(57,135)	(64,194)
Carrying amount of investment properties and property, plant and equipment sold	(3,796)	(15,695)	(375)
Costs incurred in unsuccessful takeover offer	–	(1,567)	–
Share of net profits of associates and joint ventures	11,485	21,658	14,813
Profit from ordinary activities before related income tax expense	**203,148**	**263,522**	**296,253**
Company income tax benefit/(expense)	(33,093)	(40,184)	(43,555)
Net profit attributable to members of the Group	**170,055**	**223,338**	**252,698**
Net increase in asset revaluation reserve	14,921	47,810	20,693
Net exchange differences on translation of financial report of foreign controlled entity	1,514	(814)	435
Total revenues, expenses and valuation adjustments attributable to members of the Group recognised directly in equity	**16,435**	**46,996**	**21,128**
Total changes in equity other than those resulting from transactions with owners as owners	**186,490**	**270,334**	**273,826**
Basic earnings per stapled security (cents)	27.59	34.87	36.67
Diluted earnings per stapled security (cents)	27.59	34.87	36.67

6.3 Mirvac financial information (continued)

(b) Statement of financial position

	As at 30 June 2002 $'000	As at 30 June 2003 $'000	As at 30 June 2004 $'000
Current assets			
Cash assets	31,506	33,481	332,120
Receivables	72,656	88,530	98,764
Inventories	196,765	643,258	588,440
Other	8,763	13,680	19,599
TOTAL CURRENT ASSETS	**309,690**	**778,949**	**1,038,923**
Non-current assets			
Receivables	47,038	59,598	87,088
Inventories	519,066	537,732	602,727
Investments accounted for using the equity method	30,744	89,385	79,357
Other financial assets	28	28	28
Investment properties	1,818,028	2,123,059	2,445,972
Plant and equipment	16,071	17,395	17,132
Intangible assets	26,951	25,612	24,126
Deferred tax assets	7,224	6,844	7,688
Other	2,365	3,153	3,379
TOTAL NON-CURRENT ASSETS	**2,467,515**	**2,862,806**	**3,267,497**
TOTAL ASSETS	**2,777,205**	**3,641,755**	**4,306,420**
Current liabilities			
Payables	125,965	128,996	161,024
Current tax liabilities	–	16,226	20,522
Provisions	50,875	67,362	75,580
Interest-bearing liabilities	72	86	125,016
Other	2,435	3,525	5,134
TOTAL CURRENT LIABILITIES	**179,347**	**216,195**	**387,276**
Non-current liabilities			
Payables	–	90,000	75,500
Interest-bearing liabilities	799,159	1,228,409	1,529,183
Deferred tax liabilities	66,843	70,934	71,470
Provisions	2,365	2,648	2,914
TOTAL NON-CURRENT LIABILITIES	**868,367**	**1,391,991**	**1,679,067**
TOTAL LIABILITIES	**1,047,714**	**1,608,186**	**2,066,343**
NET ASSETS	**1,729,491**	**2,033,569**	**2,240,077**
Equity			
Contributed equity	1,600,702	1,822,811	1,978,411
Reserves	51,155	91,196	104,342
Retained profits	77,634	119,562	157,324
TOTAL EQUITY	**1,729,491**	**2,033,569**	**2,240,077**

6.3 Mirvac financial information (continued)

(c) Statement of cash flows

	Year ended 30 June 2002 $'000	Year ended 30 June 2003 $'000	Year ended 30 June 2004 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	1,105,620	1,171,079	1,634,014
Payments to suppliers and employees (inclusive of GST)	(973,816)	(1,194,959)	(1,296,153)
Interest received	2,823	5,831	6,461
Joint venture distributions received	24,101	–	–
Borrowing costs paid	(43,607)	(64,154)	(89,024)
Income tax paid	(18,866)	(30,482)	(26,314)
Net cash inflow/(outflow) from operating activities	**96,255**	**(112,685)**	**228,984**
Cash flows from investing activities			
Payments for property, plant and equipment	(6,616)	(7,308)	(5,566)
Payments for other loans	(2,500)	–	–
Repayments from joint venture operations/entities	30,340	32,888	34,579
Contributions to joint venture operations/entities	–	(72,883)	(9,890)
Proceeds from sale of property, plant and equipment	2,534	222	96
Proceeds from disposal of investment properties	–	17,329	468
Payments for investment properties	(240,878)	(297,871)	(294,386)
Net cash outflow from investing activities	**(217,120)**	**(327,623)**	**(274,699)**
Cash flows from financing activities			
Proceeds from the issues of shares/units	–	197,943	47,136
Proceeds from borrowings	560,025	927,000	1,208,007
Repayment of borrowings	(260,000)	(516,000)	(782,218)
Dividends/distributions paid	(153,009)	(166,660)	(128,501)
Net cash inflow from financing activities	**147,016**	**442,283**	**344,424**
Net increase in cash held	26,151	1,975	298,709
Cash at the beginning of the financial year	5,368	31,506	33,481
Effect of exchange rate change on cash	(13)	–	(70)
Cash at the end of the financial year	**31,506**	**33,481**	**332,120**

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Financial services guide

12 November 2004

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This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127). The use of "we", "us" or "our" is a reference to Deloitte Corporate Finance Pty Limited as the holder of Australian Financial Services Licence ("AFSL") No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

Information about us
We have been engaged by James Fielding Holdings Limited and James Fielding Funds Management Limited to give general financial product advice in the form of a report to be provided to you in connection with the schemes of arrangement. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details below.

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- to deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of securities and debentures, stocks or bonds issued or proposed to be issued by the government.

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The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS will include details such as the risks, benefits and costs of acquiring the particular financial product.

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Neither Deloitte Corporate Finance Pty Limited nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee is $325,000 plus GST.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits in connection with our advice.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?
If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Complaints Officer
Practice Protection Group
PO Box N250
Grosvenor Place
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service
PO Box 579
Collins Street West
Melbourne VIC 8007
Telephone: 1300 780 808
Fax: +61 3 9621 2291
Internet: http://www.fics.asn.au

If your complaint relates to the professional conduct of a person who is a Chartered Accountant, you may wish to lodge a complaint in writing with the Institute of Chartered Accountants in Australia ("ICAA"). The ICAA is the professional body responsible for setting and upholding the professional, ethical and technical standards of Chartered Accountants and can be contacted at:

The Institute of Chartered Accountants
GPO Box 3921
Sydney NSW 2001
Telephone: +61 2 9290 1344
Fax: +61 2 9262 1512

Specific contact details for lodging a compliant with the ICAA can be obtained from their website at http://www.icaa.org.au/about/index.cfm .

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: infoline@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

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12 November 2004

The Directors
James Fielding Holdings Limited
James Fielding Funds Management Limited
Level 22
56 Pitt Street
SYDNEY NSW 2000

Dear Directors

Independent expert's report

1. Introduction

On 12 October 2004 the boards of the Mirvac Group ("Mirvac") announced the proposed acquisition of all of the issued securities in James Fielding Group ("JFG") by way of a share scheme of arrangement and a unit scheme of arrangement (together the "Schemes"). The proposed acquisition will be implemented after the Schemes have been voted on by JFG securityholders (the "JFG Securityholders") and the share scheme has been approved by the court. If the Schemes are approved, in exchange for each one of their stapled securities JFG Securityholders will receive 0.73 Mirvac securities.

Upon completion of the Schemes the James Fielding Trust ("JFT") and James Fielding Holdings Limited ("JFH") will become wholly owned by Mirvac and JFG will be delisted from the Australian Stock Exchange ("ASX"). The directors of JFG have prepared an Explanatory Memorandum containing the detailed terms of the Schemes ("the Explanatory Memorandum"). An overview of the Schemes is set out in Section 1 of our detailed report.

2. Purpose of the report

Whilst an independent expert's report is not required to meet any statutory obligations, the directors of JFG have engaged Deloitte Corporate Finance Pty Limited ("Deloitte") to prepare an independent expert's report advising whether, in our opinion, the Schemes are in the best interest of JFG Securityholders.

This report is to be included in the Explanatory Memorandum to be sent to JFG Securityholders and has been prepared exclusively for the purpose of assisting JFG Securityholders to make an informed assessment as to whether or not to vote in favour of the Schemes. The report cannot be used for any other purpose.

3. Basis of evaluation

In interpreting the meaning of 'in the best interest', we have considered ASIC Policy Statement 75, Practice Note 43 and common market practice. To assess whether the Schemes are in the best interest of JFG Securityholders, we have adopted the test of whether the Schemes are either fair and reasonable or not fair but reasonable as defined in ASIC Policy Statement 75.

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4. Summary and conclusion

We are of the opinion that the Schemes are fair and reasonable and accordingly are in the best interest of JFG Securityholders. Our considerations of fairness and reasonableness are provided below.

Fairness

Our comparison of the fair market value of a JFG security, on a control basis, and the fair market value of the consideration offered to JFG Securityholders is shown in the table below:

Table 1: Fair market value of a JFG security and the consideration offered pursuant to the Schemes

	Section	Low value $	High value $
Value of a JFG security	8.7	3.06	3.42
Value of consideration	10.2	3.25	3.36

Source: Deloitte analysis

The value of the consideration is within the range of the fair market value of a JFG security. Accordingly, in our opinion the Schemes are fair.

Valuation of a JFG security

We have estimated the fair market value of a JFG security by aggregating the estimated value for each component business of JFG using a combination of the capitalisation of maintainable earnings method, the discounted cash flow method and net assets on a going concern basis method. We have then applied an appropriate premium for control.

We have utilised the capitalisation of earnings method, which estimates the value of a business by capitalising its maintainable earnings with an appropriate earnings multiple, in estimating the value of the funds management and property services components of JFG.

We have assessed the maintainable earnings based on an analysis of each business. Earnings multiples were based on an analysis of listed comparable companies and previous mergers and acquisitions in the relevant sectors.

We estimated the value of the development business by applying a discount rate to the forecast cash flows arising from the committed projects in the portfolio.

Our assessment of the fair market value of property and other assets owned by JFG has been undertaken by aggregating the book value of the assets and liabilities of each division based on the audited financial statements as at 30 June 2004 and adjusted to reflect the current fair market value of those assets.

The fair market value of a JFG security estimated using these methods (after applying a control premium of 15% to 20%) is $3.06 to $3.42.

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Valuation of consideration

We have valued the consideration which will be received by JFG Securityholders if the Schemes are implemented, which comprises 0.73 of a security in the proposed entity combining JFG and Mirvac (the "Proposed Merged Entity"), using an analysis of recent trading in Mirvac securities. We have cross-checked this value with a sum-of-the-parts valuation, aggregating the estimated fair market values of Mirvac and JFG.

The fair market value of a security in the Proposed Merged Entity estimated using these methods is $4.45 to $4.60. This values the consideration being offered pursuant to the Schemes at $3.25 to $3.36 per JFG security.

Reasonableness

In accordance with ASIC Policy Statement 75, an offer is reasonable if it is fair. On this basis, in our opinion, the Schemes are reasonable.

Notwithstanding this conclusion, we have also considered the following factors, summarised in the table below, in assessing the reasonableness of the Schemes:

Table 2: Summary of reasonableness factors

	Strength of factor				
Consideration	**--**	**-**	**Neutral**	**+**	**++**
Advantages					
Increased geographical and asset diversification					▪
Expanded management team				▪	
Increased liquidity and index weighting				▪	
Increased access to capital markets				▪	
Reduced cost of debt				▪	
Increase in frequency of distributions				▪	
Greater distributions for the six months ending 30 June 2005				▪	
In the absence of the Schemes, JFG securities may trade below current levels				▪	
Disadvantages					
Significant exposure to residential development		▪			
Reduced exposure to potential upside from JFG projects		▪			
Lower net tangible asset backing per security		▪			
Higher gearing		▪			
Other considerations					
Cash out facility is capped at $50 million			▪		
Likelihood of alternative offers			▪		
Earnings per security of the Proposed Merged Entity			▪		
Taxation implications of the Schemes			▪		
Particular circumstances of individual JFG Securityholders			▪		

Source: Deloitte analysis

Key - - strong disadvantage; - disadvantage; + advantage; + + strong advantage

A detailed discussion of each of these factors is set out in Section 10.3 of our report.

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James Fielding Group – 12 November 2004

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Opinion

Based on the above analysis, we are of the opinion that as the Schemes are fair and reasonable, they are therefore in the best interest of JFG Securityholders.

An individual JFG Securityholder's decision in relation to the Schemes may be influenced by their particular circumstances. If in doubt the JFG Securityholder should consult an independent adviser.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

R Foley-Lewis

R A Foley-Lewis	J S Duivenvoorde
Director	Director

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1 The Schemes

On 12 October 2004, Mirvac announced a proposal to acquire JFG which would be effected via approval of two schemes. Under the terms of the proposal, JFG Securityholders will receive 0.73 securities in the Proposed Merged Entity for every JFG security held.

As part of the proposal, Mirvac has also agreed to make available a cash out facility of up to $50 million to those JFG Securityholders who may prefer to receive cash rather than securities in the Proposed Merged Entity for all or part of their holding. If the value of Mirvac securities participating in the cash out facility is less than or equal to $50 million, all JFG Securityholders who have elected to participate in the cash out facility will receive the equivalent of $3.33 cash per JFG security, free of any brokerage costs. In the event that the value of Mirvac securities to be issued under the Schemes to JFG Securityholders seeking to participate in the cash out facility exceeds $50 million, participating JFG Securityholders will be scaled back on a pro-rata basis. Mirvac has also made available a security sale facility that is detailed in the Explanatory Memorandum.

If the Schemes are approved, JFG Securityholders will be eligible for distributions from the Proposed Merged Entity from 1 January 2005. JFG Securityholders will remain entitled to the December 2004 half year distribution from JFG of 12.25 cents per security ("cps").

There are three meetings necessary to implement the merger:

- the share scheme meeting to approve the share scheme resolution
- the unit scheme meeting to approve the unit scheme resolution and the de-stapling resolution
- the general meeting to approve the de-stapling resolution.

The key condition that must be met in order for the share scheme resolution to be passed is that at least 75% of the votes cast and more than 50% of JFG Securityholders at the meeting must be in favour of the resolution.

The de-stapling resolution and resolution to amend the James Fielding Trust's trust deed must each be passed by at least 75% of the total number of votes cast on the resolution at the relevant meeting.

The resolution to approve the acquisition of the James Fielding Trust by the Mirvac Property Trust under item 7 of section 611 of the Corporations Act must be passed by at least 50% of the total number of votes cast on the resolution at the unit scheme meeting.

Although individual JFG Securityholders may vote against the Schemes, provided the necessary majorities of JFG Securityholders approve the Schemes and the necessary court approvals are obtained, the acquisition will still proceed and will be binding on all JFG Securityholders at the record date for the Schemes even if some have voted against the resolutions.

Full details of the Schemes are set out in the Explanatory Memorandum.

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2 Scope of the report

2.1 Purpose of the report

Section 411 of the Corporations Act 2001 ("Section 411") regulates schemes of arrangement between companies and their shareholders. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwlth) ("Part 3") prescribes the information to be provided to shareholders in relation to schemes of arrangement. These provisions require the presentation of a report by an independent expert stating whether or not, in the expert's opinion, the proposed scheme is in the best interest of shareholders of the company subject to the scheme, where either:

- the corporation which is the other party to the scheme (Mirvac) has a director in common with the company which is the subject of the scheme (JFG); or
- the corporation which is the other party to the scheme is entitled to more than 30% of the voting shares in the company which is the subject of the scheme.

As Mirvac does not have any directors in common with JFG and it does not have more than 30% of the voting shares in JFG, there is no legal requirement for an expert's report in respect of the Schemes.

Although no report is required, the directors of JFG have requested Deloitte to prepare an independent expert's report, as if it was required under Part 3, in order to assist JFG Securityholders to make an informed assessment as to whether or not to vote in favour of the resolutions required to approve and implement the Schemes. This report cannot be used for any other purpose.

The full details of the Schemes are included in the Explanatory Memorandum.

2.2 Basis of evaluation

2.2.1 Best interest

There is no statutory or regulatory definition of the expression 'in the best interest'. Schemes of arrangement regulated by Section 411 can include many different types of transactions and the basis of evaluation selected by the expert must be appropriate to the nature of each specific transaction. The interpretation of 'in the best interest' is therefore a matter of judgment for the expert having regard to the guidance and alternatives available.

In this case the Schemes have the same effect as a takeover offer for JFG. Section 640 of the Corporations Act 2001 ("Section 640") requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. ASIC Policy Statement 75, which relates primarily to reports prepared under Section 640, implies that if the Schemes are fair and reasonable they will be in the best interest of JFG Securityholders.

In interpreting the meaning of 'in the best interest', we have considered ASIC Policy Statement 75, Practice Note 43 and common market practice. To assess whether the Schemes are in the best interest of JFG Securityholders, we have adopted the test of whether the Schemes are either fair and reasonable, or not fair but reasonable, as defined in ASIC Policy Statement 75.

2.2.2 Fairness

ASIC Policy Statement 75 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. The comparison must be made assuming 100% ownership of the target entity.

Accordingly we have assessed whether the Schemes are fair by comparing the consideration offered by Mirvac with the value of JFG securities. We assessed the value of each JFG security by determining the current value of JFG as a whole and dividing this value by the number of securities on issue.

The securities have been valued at fair market value, which we have defined as the amount at which the securities would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell.

Special purchasers may be willing to pay higher prices to gain control, to reduce or eliminate competition, to ensure a material source of supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of the securities has not been premised on the existence of a special purchaser.

2.2.3 Reasonableness

ASIC Policy Statement 75 considers an offer to be reasonable if either the offer is fair, or despite not being fair, but considering other significant factors, security holders should accept the offer in the absence of any higher bid before the close of the offer. In addition to determining whether the Schemes are fair we have considered the following significant factors, recommended by ASIC Policy Statement 75, to assess their reasonableness:

- the existing ownership structure of JFG
- the likely price and market liquidity of JFG securities in the absence of the Schemes
- the likelihood of an alternative takeover offer for JFG
- other implications for JFG Securityholders of rejecting the Schemes.

2.2.4 Individual circumstances

We have evaluated the Schemes as a whole. We have not considered the effect of the Schemes on the particular circumstances of individual JFG Securityholders. Due to their particular circumstances, individual JFG Securityholders may place a different emphasis on various aspects of the Schemes from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Schemes are in their best interest. If in doubt JFG Securityholders should consult an independent adviser.

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2.3 Limitations and reliance on information

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 6.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions to the extent they are publicly available in relation to Mirvac or they are publicly available or have been provided by JFG in relation to JFG. Any such prospective financial information and the underlying assumptions provided by or publicly available in relation to JFG are the responsibility of JFG. We have been instructed that JFG takes no responsibility for the publicly available information regarding Mirvac which we have considered. Our procedures are limited primarily to enquiries of company personnel and analytical procedures applied to the financial data. In accordance with the various professional standards and guidance pursuant to which this report has been prepared, we do not express any opinion on any financial data or other information referred to in this report.

Actual results are likely to be different from any anticipated or expected results referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of any anticipated or expected results is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether any anticipated or expected results will be achieved.

Our procedures and enquiries do not include verification work nor constitute an audit in accordance with Australian Auditing Standards ("AUS"), nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

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3 Profile of the property industry

Both JFG and Mirvac operate as stapled securities. Stapled securities arise when two or more different securities are contractually joined so that they cannot be sold separately. Securityholders hold an equal number of units in each entity. Stapling is commonly used to provide investors with access to returns through the use of tax-effective structures. Stapled securities in the property industry typically provide investors with exposure to a number of businesses, such as property development, construction, property management and funds management, in addition to a passive property investment portfolio. As a consequence, holders of stapled securities are generally exposed to a higher level of earnings volatility than would otherwise be experienced with a passive property investment.

Within their stapled security structures JFG and Mirvac have major operations in the following key sectors of the property industry:

Table 3: JFG and Mirvac property industry sectors

JFG	Mirvac
• property investments	• property investments
• non-residential development	• residential development
• funds management	• hotels
• property services	

We consider that a review of the listed property trust ("LPT") sector is the best way of outlining the sector in which the property investments businesses operate. Given the relatively small scale of the property services business, we have not provided an outline of this sector.

3.1 The listed property trust sector

3.1.1 Overview of the sector

LPTs allow investors to purchase an interest in a professionally managed portfolio of real estate.

The types of trusts currently available include:

- office – investment in large and medium scale office buildings and office parks, generally in or around major cities
- industrial – investment in warehouses, factories and industrial parks
- hotel/leisure – investment in accommodation assets, generally four to five star properties in major cities or leisure assets such as theme parks
- retail – investment in shopping centres, malls, cinemas and other shopping-related real estate
- diversified – investment in a mixture of industrial, office, hotel and retail assets.

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There are currently 22 LPTs trading on the ASX within the property trust sub-sector represented by the S&P/ASX 200 Property Index ("Index"). Many trusts have external managers, although most large trusts have internal management provided through a 'stapled structure'. There has been a strong trend in recent years away from external management towards internalised management structures. The stapled structure encourages greater alignment of interests between managers and investors and provides opportunities to diversify in the property sector.

The market capitalisation of the Index is approximately $72.3 billion, with turnover of around $88 million per day. The sector currently represents around 9.1% of the market capitalisation of the All Ordinaries Index. Industry analysts estimate that 50% of Australia's investment-grade real estate is owned by LPTs. The quality of these assets is high, with 65% of the nation's regional shopping centres and many of the premium commercial office buildings held by LPTs.

LPTs invest in properties across a variety of geographic regions, with differing lease terms and tenant types to diversify investor risk. Securities in LPTs can be traded on the ASX thereby increasing liquidity when compared to a direct investment in property. As LPTs invest in relatively stable commercial real estate and investors receive regular distributions, the volatility of returns has traditionally been lower than that of other equity investments, such as industrial or resource stocks.

LPTs provide an opportunity for investors to invest in quality investment-grade property portfolios, with professional managers maintaining and improving the buildings, negotiating with tenants and actively managing the financial returns to ensure they have a low cost of capital and an appropriate mix of properties in the portfolio. In addition to security price, investors evaluate LPTs by assessing the security of the income stream, the quality of the individual properties and tenants, the length of tenant leases, the level of gearing, rental yields and the quality of the management.

LPTs are attractive investments for risk averse, yield-focused investors seeking liquid property exposure. Since 1992, many new listings have been sector-specific, that is, trusts that concentrate on a particular sector of the property market. The increased popularity of sector-specific trusts has been primarily driven by demand from investors, who prefer to select the property sectors in which they wish to invest.

3.1.2 Office and retail property sub-sectors

The property portfolios of both JFG and Mirvac primarily comprise investments in office and retail properties. We set out below a brief overview of the nature of both the office and retail property sub-sectors which, when combined, represent approximately 86% of JFG's property portfolio and 87% of Mirvac's property portfolio.

Office property

Office property typically consists of buildings constructed specifically for the purpose of providing office accommodation. Buildings are classified according to a scale ranging from premium grade buildings through Grades A, B, C and D depending on location, size, quality of finish and services provided, including car parking and technical services.

Premium grade and grade A buildings are regarded as having a higher quality, more stable tenancy profile throughout an economic cycle than grade B buildings or lower, and as such, typically have a stronger lease structure and income stream. Identified as landmark buildings, premium grade office buildings are highly sought after by LPTs and institutional investors. The scarcity of supply and greater demand translates to lower yields being applied to the valuation of these properties.

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This lower yield on premium and grade A buildings is compensated for by these properties generally suffering lower vacancy levels than those of lower standard properties during periods of cyclical decline. Premium and A grade properties would also be expected to show higher long term growth in rents as compared with grade B, C and D properties. This is brought about in periods of excessive supply, when there is a flight to quality for tenants in lower grades eg grade B or C tenants moving to A grade space thus putting pressure on A grade rents during these times and similarly A grade tenants seeking opportunities in premium commercial space due to competitive pricing arising from oversupply.

Retail property

The major asset classes within the retail property sector include super regional centres, regional centres, sub regional centres and neighbourhood centres. Retail properties are categorised according to size and the number of anchor tenants comprising full line department stores, supermarkets and the like.

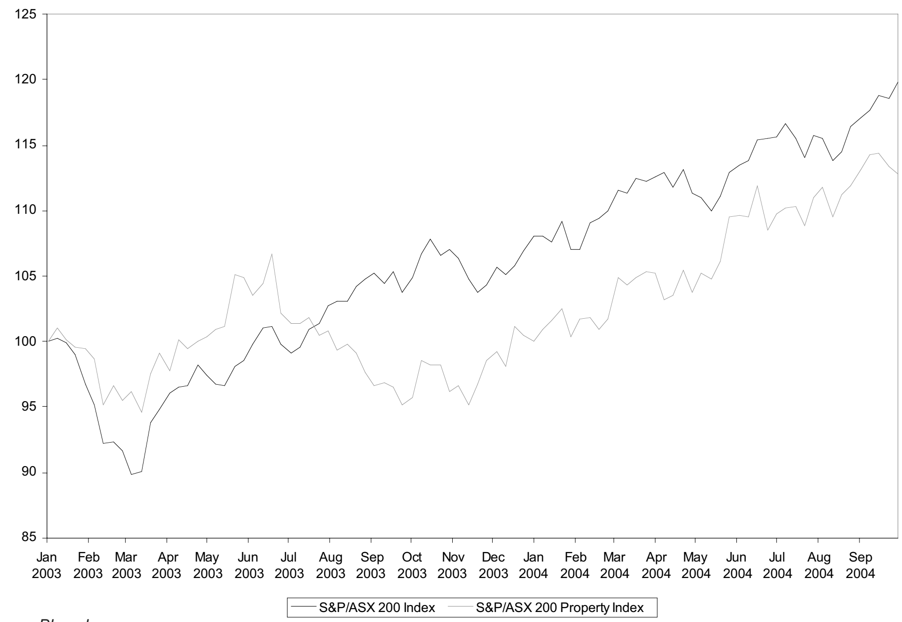
Super regional and regional centres are regarded as having a more stable lease structure and income stream than other centres, which coupled with their scarcity, means they are highly sought after property assets with correspondingly lower yields than other retail properties.

3.1.3 Listed Property Trust Index

Diversified property trusts in total account for approximately 71% of the Index.

Figure 1 below shows the performance of the Index compared to the S&P/ASX 200 Index from 1 January 2003 to 30 September 2004.

Figure 1: S&P/ASX 200 Index versus S&P/ASX 200 Property index



Source: Bloomberg

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James Fielding Group – 12 November 2004

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Both the Index and the S&P/ASX200 Index have performed strongly since July 2003. The reasons for the strength of the Index are:

- a high level of merger and acquisition activity in the sector
- improved investor sentiment towards more stable and income oriented stocks including property securities
- the continued low interest rate environment which has helped to support the value of the underlying assets and provide a competitive source of funding for entities acquiring property.

3.1.4 Key sensitivities

The key sensitivities affecting the value of property assets and the security of their income streams are summarised below:

- *employment* - growth in various business sectors influences the level of demand for various types of property. Increasing trends to outsource many call centres and back office positions will have an effect on employment and demand for office space
- *vacancy levels* - increasing vacancy levels create downwards pressure on rentals and hence property values
- *interest rate*s - the interest rate environment directly impacts the cost of financing projects as well as the flow of funds available for investment in the property sector
- *declining workspace ratio per employee*
- *increased productivity and improved technology* - allows companies to operate outside of the city and reduces property demand in central business districts ("CBDs")
- *government or legislative initiatives*
- *funds flow into the sector* - additional funds place pressure on fund managers/institutions to purchase quality property, which is in short supply in Australia
- *the purchase of overseas property* - purchasing overseas property to satisfy demand exposes owners to new risks arising from currency fluctuations, remote management and local market conditions
- *conversion to residential properties* - conversion of office space to residential properties can ease oversupply. However this may not occur in times when there is already an oversupply in the residential market
- *general economic conditions* - manufacturing output, consumer sentiment and retail spending have an impact on demand for industrial and retail space.

3.1.5 Critical success factors

Factors that are critical to the success of entities in the diversified property trust sector in general include:

- weighting of the portfolio across the component property sectors to reflect the points in the cycle for each sector
- class-specific asset managers for each component property sector
- ability to grow or at least maintain net income levels from property assets so as to maintain distributions to securityholders

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- maintenance of customer-tenant relations to ensure returns achieved are at optimum levels
- a thorough and well developed investment process, ensuring assets in good locations are acquired at appropriate prices
- management of the property portfolio, particularly at the strategic level. This includes the ability to effectively manage and develop existing properties to maintain growth and to acquire new properties with attractive growth prospects
- maintenance of appropriate gearing and financial risk management policies
- a well diversified portfolio, both geographically and with a range of lease terms, to quality tenants
- a portfolio including a blend of structured rent increases and market rent reviews with ratchet clauses.

3.1.6 Historical performance

The movement of trading prices of securities in the diversified property sector and the broader property index represents a combination of demand and supply forces, equity market movements, interest rate movements, underlying property performance, consumer demand and investor sentiment.

In the five years to 30 June 2004 rental yields across most market segments declined. This was partly due to a low interest rate environment, a subdued world economy and uncertain economic conditions. Yields vary depending on the location, size, tenancy mix, retail catchment area, condition of the property and quality of the management.

In light of the uncertainties which have influenced the equities market in recent years, investors have sought to diversify their investments and, in turn, diverted investment funds into the LPT sector.

A brief summary of the historical performance of the individual property sectors is set out below.

Office property

The most recent peak of the office market was in late 2000, when premium rents were being achieved in the Sydney, Melbourne and Brisbane markets. Since then, rents have stabilised and in some cases a slow decline in rentals across various property classes of the office market has occurred.

Over the past 12 months, the demand for office property around Australia has remained stable, reflecting the strength of the domestic economy. Nevertheless, large exposure to the weak global market has limited the upside particularly within the Sydney market.

Limited new office stock has also helped to slow the rate of vacancy increases. Australia's aggregate office market recorded a total vacancy of 9.8% for the six months to 31 July 2004, which was the highest since July 1999 and is attributed to supply continuing to outweigh demand in key markets.

Retail property

Sustained growth in retail trading and increased tenant demand for retail property led to higher rents, producing improved returns for retail property investors. Retail property is currently the outstanding performer of the individual property sectors with the highest investment return in recent years.

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3.1.7 Future expectations

Investment returns from the property sector have been positively affected by the recent volatility of international and local equity markets. Movements in interest rates, consumer confidence and the equity markets will continue to influence the performance of LPTs over the next 12 months. Performance of LPTs in the longer term is primarily driven by the ability of property managers to add value to their portfolios, the level of funds flowing in and out of the sector and the supply and demand for the underlying properties.

Office

The office market is expected to show reduced vacancy rates as demand for office accommodation increases, however recent completions, combined with the number of properties currently under construction, will ensure that the reduction in the vacancy rate will be tempered in the short term. A rising number of white collar workers, positive expectations about business conditions and signs of demand from international companies will all assist the office market sector in the medium term.

However, the increasing trend towards businesses shifting operations out of the CBD and into suburban areas where rents tend to be cheaper than the CBD and a reduction in average workspace ratios means that some organisations require less workspace.

Older buildings across the market will continue to be redeveloped to meet demand, with significant refurbishments likely on premium sites. Conversions of some older buildings to residential accommodation will continue where viable and the underlying asset quality lends itself readily to such a conversion. Yields on office accommodation will be supported if the key drivers, such as services industry employment, continue to hold firm.

Retail

Retail sales growth is expected to be moderate over the short term. Comparatively slower growth in consumer spending, is likely to restrict future growth of rental income. However, due to a strong domestic economy, high level of employment, real wage growth and a strong Australian dollar, this slowing in turnover growth is not expected to be significant.

3.2 The non-residential development sector

3.2.1 Overview of the sector

The non-residential development sector comprises companies involved in land subdivision and development. According to BIS Shrapnel, total commencements in the year to June 2002 totalled $13.5 billion with this number increasing by 11% in real terms to $14.9 billion (in 2001/02 dollars) in the year to June 2003. They forecast a minor contraction of 3% in commencements in the year ended June 2004.

The industry is highly dependent upon underlying economic conditions and is currently in a mature phase of its life cycle.

Barriers to entry are considered low, with the only requirements being adequate skills in identifying good property investments and access to equity and debt funding. However, the industry is subject to considerable regulatory control, with new property developments required to comply with environmental protection legislation, local government zoning and planning regulations. Furthermore, infrastructure constraints have restricted developments in some areas in recent years.

These complex planning requirements have provided a competitive advantage to larger organisations which have access to capital, legal, financing and project management expertise.

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3.2.2 Key sensitivities

The non-residential development sector is subject to a number of key sensitivities, as summarised below:

- *general economic conditions* - growth in employment, household disposable income, business profitability and investment are the key drivers of demand for the use of property
- *inflation rate* - rising inflation rates directly increase the cost of property development
- *interest rates* - interest rates affect business confidence, the level of investment in developing new properties and the profitability of existing geared property developers
- *demand from superannuation funds and investors*– superannuation funds are major investors in property
- *property yields* - the prevailing property yield influences the value of properties and accordingly has an impact on future development.

3.2.3 Critical success factors

The performance of companies operating in this sector is dependent upon the following factors:

- skill in identifying cyclical demand/supply patterns within regions and markets
- developing properties that are suitable for specific market niches as well as the demand dictated by the wider economy
- the financial gearing of the company
- project management skills resulting in timely completion of each development
- expected rental yields over the short to medium term.

3.2.4 Historical performance

Growth in retail expenditure, coupled with increasing manufacturing activity, led to industry expansion in the late nineties until a non-residential construction slowdown occurred between 1999 and 2001.

There has been relatively strong growth until 2004 with the overall revenue from property leases growing at a real rate of 3.3% per annum due to the introduction of new stock from the development sector. Both the Australian Bureau of Statistics ("ABS") and The Construction Forecasting Council have recorded growth from non-residential construction for all periods since 2001.

3.2.5 Future expectations

The non-residential development sector is forecast to grow at an average real rate of 3.3% over the period to June 2008, slightly below forecast growth in Gross Domestic Product ("GDP") of 3.5%[1]. Non-residential commencements are expected to rise 5% in 2004/05, led by expansion in the commercial and industrial sectors. However, overall growth in property development over the period to 2008 is likely to be restrained by the following factors:

- a slow down in the growth of household consumption and growth in employment, affecting tenant demand for most types of non-residential property
- forecast slower growth in consumer spending, reducing tenant demand in regional shopping centres

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[1] IBISWorld forecast

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- real interest rates which are generally expected to increase in the short term
- anticipated corporate and government restructuring is expected to reduce demand for office, industrial and retail space, restricting future development projects
- slower population growth, urban consolidation policies and growth in medium to high density housing is expected to hamper land development
- over the longer term, governments are expected to place more emphasis on developing new population centres.

3.3 The residential development sector

3.3.1 Overview of the sector

Residential development businesses are involved in the development of:

- inner-city multi-storey apartments, villas and townhouses
- suburban and regional apartment blocks or home units
- tourist or retirement region apartments or home units
- free standing, semi-detached and duplex homes.

The inner-city multi-storey apartment developments are principally the domain of the larger operators due to the experience and financial resources required to be successful. High value inner-city villas and townhouse projects are also usually undertaken by medium to large scale builders as these construction contracts normally generate significant development profits and require considerable resources.

Refurbishment of existing buildings such as warehouses and offices for residential use may technically be classed as alterations and repairs but most refurbishment involves full-scale reconstruction and comprises an important share of construction in the inner-city multi-storey apartment category.

Housing demand

Residential demand has historically fluctuated in a four year cyclical pattern. However, this has been recently impacted by the following factors:

- the shift in residential demand created by the trend away from free standing homes towards higher density multi-unit dwellings, particularly in New South Wales where land prices are the highest in the country
- the introduction of the goods and services tax ("GST") in July 2000 distorted the cyclical pattern as buyers brought forward investment in order to avoid incurring the additional tax
- similarly, the introduction of the First Home Owner Grant ("FHOG") in July 2000 to offset the negative impact on housing demand resulting from the introduction of the GST, provided an inducement for first home buyers to construct new housing.

The short-term cyclical determinants of residential demand include:

- economic growth
- consumer and business confidence
- employment prospects/job security
- housing affordability, which is influenced by interest rates and the price of land, labour and materials
- level of rental costs relative to mortgage repayments
- specific government policy measures such as the FHOG and the treatment of negative gearing.

The determinants of long-term underlying demand for housing include:

- population growth rates
- trends in net migration
- population dispersion
- the age composition of the population
- the rate of household formation
- long-term trends in income growth and distribution.

Mirvac has stated that the combination of positive net migration, people living longer, marrying later and the increasing divorce rate results in total current demand in excess of 150,000 dwellings per annum. This compares with BIS Shrapnel's estimate of current demand of 164,000 dwellings per annum. These factors have a major influence on the long-term demand for housing and can indicate the required stock of housing, but not its value.

3.3.2 Key sensitivities

General indicators of risk affecting the value of the residential development sector include:

- *business mix* - the balance between home and land packages, residential estates and apartments
- *oversupply* - the levels of forecast construction and overall demand for the product need to be reasonably aligned to generate required returns for the industry
- *housing affordability* - as housing prices rise relative to household income levels, demand levels can decline
- *interest rates* - historically low interest rates have provided a stimulus to the industry in the recent past which may not continue in the future
- *rental yields* - both current and projected, become more of a demand determinant in the investor sector of the market
- *government or legislative initiatives* - changes in the zoning status of land can affect its value and development potential. The reduction in the FHOG is also expected to weaken future demand from this segment of the market
- *cost of acquisition* - the general trend in the cost of acquisition has a significant impact on development property returns
- *quality and age of asset* - the relative timing of the accumulation of land allotments and sale of the residential property can influence the return on investment in these assets
- *exposure to high density market* - the overall outlook for this market varies from the traditional housing market, with some sector analysts forecasting a contraction in the short-term (caused by the oversupply factor mentioned above).

Taken as a whole, these factors indicate that the risk in certain sectors of the multi-unit housing market is greater than in the single unit housing market.

3.3.3 Critical success factors

Factors which are critical to the success of entities within the residential development sector include:

- *conceptualisation* - acquiring properties at the right price and creating an appropriate design are fundamental drivers of value creation
- *delivery* - timely, on budget construction is a core competency of the industry
- *marketing* - market positioning and sales are also fundamental drivers of value creation

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- *cycle management* - the ability to expand and curtail operations rapidly in line with market demand is crucial in this industry. The overall capacity to manage the cycle comes from the ability to identify trends and position operations according to the likely outcomes
- *flexibility* - the ability to develop different styles of residential accommodation as required by the changing tastes of the market.

3.3.4 Historical performance

The introduction of the GST in 2000 reduced the demand for housing, amplified by the cyclical slowdown in the domestic economy and the collapse of the HIH Insurance Group which eliminated one of Australia's largest building warranty insurers.

According to IBISWorld over the two years to June 2003 new building construction (excluding free standing homes) increased by 49%, supported by continued favourable housing affordability, the introduction of the FHOG and an increase in the number of investors seeking to enter the rental property market.

IBISWorld estimates all types of residential construction jumped 16.6% in the year ended June 2003 to $32.1 billion which followed accelerated growth in the year ended June 2002. The ABS has recently reported seasonally adjusted rises in residential building of 11.3% between the December 2003 and March 2004 quarters and of 0.2% between the March 2004 quarter and the June 2004 quarter.

3.3.5 Future expectations

The outlook for the residential construction sector is that a cyclical contraction will take place over the period to 30 June 2008 following high levels of construction activity and strong growth in property values over the five years preceding this period. IBISWorld forecasts turnover in this industry to contract by an average of 1.8% per annum over the outlook period. BIS Shrapnel has predicted a bottoming of the residential building sector in 2007/08 before a recovery in 2008/09.

Key factors impacting the forecast industry contraction are the deterioration in housing affordability and the excess rental property stock in most inner urban markets. Other contributing factors are the removal of the FHOG and the anticipated progressive tightening of monetary policy which places upward pressure on mortgage rates.

The trend towards medium density residential communities is likely to continue. These developments are generally on larger land parcels, away from the higher density inner urban precincts. They are characterised by a combination of freestanding or semi-detached housing and high density housing that share leisure facilities.

3.4 The funds management sector

3.4.1 Overview of the sector

There are two broad types of institutions operating within the funds management sector, being:

- collective investment institutions, such as life insurance companies and superannuation funds
- specialised investment or fund managers.

The latter, including JFG, are specialist fund managers who are employed on a fee for service basis, to manage and invest in approved assets on behalf of their clients. A significant proportion of the funds available to the collective investment institutions are directed to specialised investment or fund managers.

The industry is currently experiencing a growth phase, having grown at an annualised average real rate of 6.8% in the five years to 2002/03, which was faster than the corresponding growth in GDP. At June 2004, the ABS estimated that the total value of funds under management ("FUM") in Australia was $760 billion, representing an approximate increase of 15.5% over the previous year.
The industry has medium levels of concentration, with the four largest industry participants having an approximate 35% market share. The main barriers to entry include:

- the costs of establishment, branding and advertising
- building a reputation in the market through the delivery of adequate returns
- cost of finding and retaining highly skilled staff.

3.4.2 Key sensitivities

The key sensitivities that affect the performance of fund managers in Australia include:

- direct investment in securities by investors
- investor confidence
- interest rates - which influence investment decisions
- growth in household incomes, especially superannuation
- the increasing number of fund products available is placing competitive pressure on management fee structures and the management skills of the participants
- changes in government policies
- economic growth.

3.4.3 Critical success factors

The performance of companies operating in the industry is influenced by:

- the historical performance of a fund manager, which is an important reference point for investors
- a quality work force with in-depth experience and good product knowledge
- the ability of fund managers to differentiate themselves on the basis of investment returns relative to the risk profile of the fund
- innovative and sophisticated products
- access to an extensive distribution network and strong marketing skills.

3.4.4 Historical performance

The increased demand for funds management products in Australia has been driven by:

- the strong growth in superannuation fund assets primarily as a direct result of the significant restructuring of Australia's retirement income arrangements
- high and reasonably consistent investment returns which has increased awareness of funds management products over more traditional savings methods
- increased innovation and sophistication of products being offered and associated technology.

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Table 4 below shows the total FUM in Australia as at 30 June 2003 and 2004 by type of asset investment.

Table 4: Total FUM by type of asset investment

	June 2003 $ million	% share	June 2004 $ million	% share
Deposits, loans and placements	72,358	11.0%	85,906	11.3%
Short-term securities	68,757	10.4%	72,356	9.5%
Long-term securities	67,374	10.2%	66,563	8.8%
Land and buildings	82,380	12.5%	92,508	12.2%
Overseas assets	119,419	18.1%	137,164	18.0%
Securities and units in trusts	224,052	34.0%	282,779	37.2%
Other	23,901	3.6%	22,796	3.0%
Total	**658,241**	**100%**	**760,072**	**100%**

Source: Australian Bureau of Statistics, cat. 5655016

The percentage of assets held in land and buildings has remained relatively stable over the past two years, regardless of the movement in property prices.

3.4.5 Future expectations

IBISWorld forecasts that growth in FUM and associated industry revenue is expected to remain high in the short to medium term. Revenue is expected to grow at an annual real rate of 12.4% to 2007/08. The key factors affecting this growth are:

- the increasing awareness of the need to make contributions to superannuation funds in addition to the current compulsory 9%
- the continuing strong growth in the domestic economy. In particular, the slowing of the property market combined with strengthening financial markets, is expected to increase demand for financial securities
- interest rates are expected by many to rise, which may reduce the attractiveness of certain asset classes
- the industry may benefit from favourable future government savings and tax reforms affecting superannuation contributions
- economies of scale are likely to become more important in improving efficiency. Further consolidation, through mergers, acquisitions and joint ventures are therefore anticipated
- competition is expected to increase. Expenditure on marketing, distribution and technology is expected to increase as a percentage of revenue. In addition, downward pressure on management fee structures is likely.

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3.5 The hotels sector

3.5.1 Overview of the sector

The hotels sector includes a combination of hotel owners, hotel managers and hotel owner/managers.

The hotel industry is dependent on two major markets to maintain occupancy rates and financial viability. These are the tourist market, which includes both domestic and international travellers and accounts for approximately 60% of the total market and the business market which accounts for the remainder.

3.5.2 Key sensitivities

General indicators of risk affecting the performance of the hotel sector include:

- *exchange rates* - The exchange rate has an impact on the relative attractiveness of an Australian holiday to overseas visitors as well as impacting on the level of overseas travel that is undertaken by Australians
- *state of the global economy* - It has been estimated that the percentage of visitor nights spent in hotels by international visitors is around 50%. The strength of the North American, European and Asian economies in particular impacts the level of international travel to Australia and consequently the demand for accommodation
- *state of the domestic economy* - Changes in disposable income resulting from a combination of employment growth rates, interest rates and tax rates will impact the domestic demand for travel and accommodation
- *industry competition* - Room rate price competition due to a reduction in demand or oversupply of hotel accommodation has a negative impact on the profitability of the overall sector.

3.5.3 Critical success factors

Factors which are critical to the success of entities in the hotel industry include:

- developing a guest base of frequent and loyal users
- having a clear market position and implementing the appropriate management strategy
- having product and packaging links with other related transport, travel and tourism products
- having a professional and experienced sales and marketing team
- understanding and managing seasonality in guest demand
- development of links with the international visitor market to maintain export sales
- high standards and appearance of the hotel
- access to a multi-skilled and flexible workforce.

3.5.4 Historical performance

In 2003 the Australian accommodation sector comprised 1,415 hotels and serviced apartments, together generating turnover of $4.7 billion and employing over 82,000 people. According to the ABS, the number of hotel room nights occupied in the quarter to March 2004 was 4.8 million. During that quarter the occupancy rate averaged 67.3%, with the average room rate being $144.20 per night.

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3.5.5 Future expectations

In 2003/04 the sector is expected to experience growth of approximately 5% in total revenue, due to the expected growth in the domestic and world economy which will lead to an increase in hotel demand in Australia.

According to IBISWorld the outlook for the sector for the period to 2009 is for real revenue growth of 6.1% per annum, with the strongest increase occurring in the years to 2007, compared to forecast GDP growth of 3.5% per annum over the same period. It is estimated that stronger demand resulting from global economic growth will be the primary driver of the enhanced activity in the hotel sector. At the same time, it is not anticipated that there will be significant increases in net supply by way of investments in new hotels.

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4 Profile of JFG

4.1 History and overview

JFG was formed through the stapling of units in JFT with shares in JFH and was listed on the ASX on 8 November 2001. The initial public offering raised $12 million with the proceeds used to fund working and investment capital. The issue price was $2.28 per stapled security.

JFG's principal activities are:

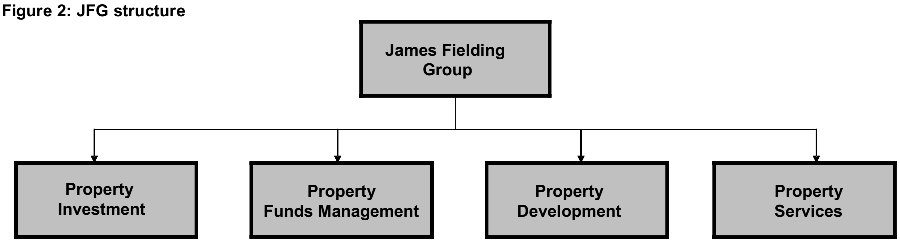
- property investment
- property funds management
- property development
- property services.

JFT owns a property investment portfolio, while JFH, via its subsidiaries and associated entities undertakes all activities listed above.

4.2 Principal activities

JFG currently operates through four business segments, set out in Figure 2 below.

Figure 2: JFG structure



Source: JFG management

The stated business strategy of JFG is to develop a revenue mix over the medium to long-term of:

- 70% property investment
- 30% property development and property related business (funds management, property services and advisory).

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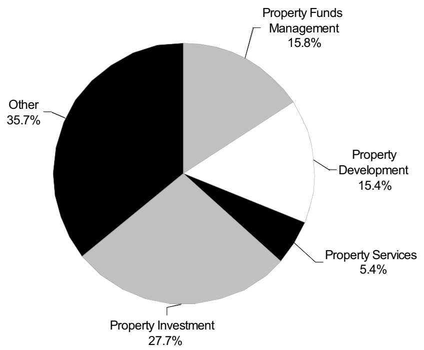
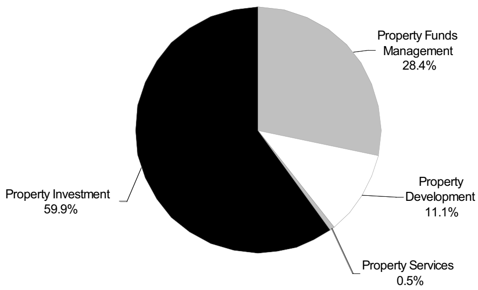
The segment revenue and segment results for the financial year ended 30 June 2004 are shown in Figure 3 below.

Figure 3: Total segment revenue and results

Total segment revenue



Segment results



Source: JFG Annual report 2004

Notes:

1 "Other" relates to the sale of investments and investment properties for $35.6 million in the year ended 30 June 2004

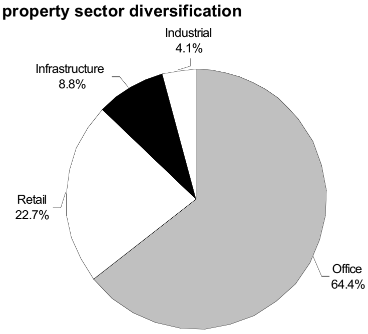
Each of these activities is discussed further below.

4.2.1 Property investment

JFG invests in a range of investment grade properties, the majority of which are held in JFT. This includes direct investment in ten properties in four states across the office, retail, and industrial sectors. JFT also has indirect investments through its 15% interest in ASX-listed JF Meridian Trust, the James Fielding Infrastructure Yield Fund, the James Fielding Sustainable Equity Fund and other investments in associates and joint ventures.

At 30 June 2004, the book value of the direct property investments owned by JFG was $283 million. The direct and indirect property assets by sector are set out in Figure 4 below.

Figure 4: JFG property sector diversification



Source: JFG Annual report 2004

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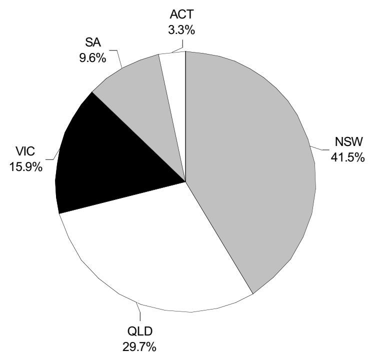
At 30 June 2004, the occupancy rate of the direct portfolio was 98.9% (98.5% at 30 June 2003), with an average lease expiry of 5.5 years (3.7 years at 30 June 2003). Of the total portfolio, 29% was leased to government tenancies and 52% to major companies including CSR, National Foods, Holden, Toll Holdings, AAPT and Hitachi Data Systems. The property assets by geographic location and the lease expiry profile are summarised in Figure 5 and Figure 6 below.

Figure 5: Geographic diversification of JFG investment portfolio

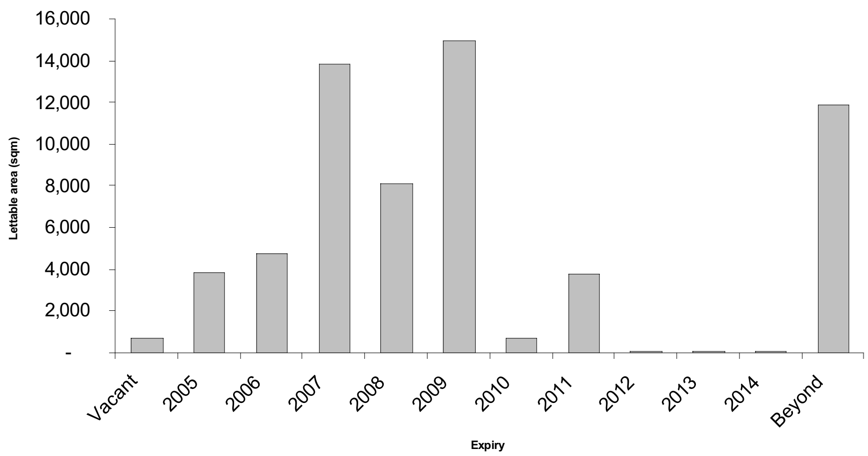


Source: JFG Annual report 2004

Notes:

1 Includes investments held in JF Meridian Trust

Figure 6: Lease expiry profile



Source: JFG Annual report 2004

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During the year ended 30 June 2004, JFG made the following significant investments:

- engaged Leighton Properties (Vic) Pty Ltd ("Leighton Properties") to construct a fourth building in Mulgrave, Victoria
- engaged Leighton Properties to develop a 32,000 square metre bulky goods centre on land at Mornington, Victoria which is due for completion in May 2005
- entered into a joint venture to acquire 50% of 191-197 Salmon Street, Port Melbourne. JFT and the joint venture partner, JF Meridian Trust (15% owned by JFT at 30 June 2004) have contracted James Fielding Developments to develop a 23,000 square metre office building which will be leased by Holden for 15 years upon completion
- acquired additional units in the JF Meridian Trust ("JFMT") to maintain its interest at approximately 15%. At 30 June 2004, JFMT's property portfolio included direct interests in 14 shopping centres, 10 commercial properties and five industrial properties, with gross assets of approximately $654 million
- James Fielding Infrastructure Yield Fund ("JFIYF"), a 100% owned JFG fund. JFIYF holds a 15% interest in International Parking Group ("IPG") which owns a portfolio of hospital car parks in Sydney and Brisbane. JFIYF also holds a 33.3% interest in BAC Airports Pty Limited which owns Bankstown and Camden Airports in Sydney. Subsequent to 30 June 2004, JFT divested approximately 22% of its interest in JFIYF to a non-related third party
- invested in the James Fielding Infrastructure Sustainable Equity Fund, a feeder fund into the Australian Sustainable Investments Fund, which owns 20,655 hectares of forestry land in South Australia, Victoria and Western Australia.

4.2.2 Property funds management

The property funds management division of JFG comprises several entities that manage and focus on different investment products. At 30 September 2004, JFG had more than $1.7 billion in funds under management, as summarised below.

Table 5: JFG funds under management at 30 September 2004

Business unit	$m
James Fielding Direct	205
James Fielding Infrastructure	246[1]
James Fielding Capital	73
James Fielding Meridian Management	795
Hotel Capital Partners	92[3]
Perpetual James Fielding	146
Property Funds Australia Limited	131[2]
Domaine Property Funds Limited	48[2]
Total	**1,736**

Source: Mirvac and JFG investor presentation dated 12 October 2004 and Deloitte analysis

Notes:

1. *This excludes $105 million of funds under management that relates to Leighton Holdings 50% interest in James Fielding Infrastructure Pty Limited*
2. *Acquired subsequent to 30 June 2004 and reflects a 50% interest in the funds under management*
3. *Subsequent to 30 June 2004, JFG acquired the remaining 50% interest in Hotel Capital Partners it did not already own*

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James Fielding Group – 12 November 2004

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James Fielding Direct

James Fielding Direct ("JF Direct") manages 14 unlisted, sector specific property funds (three of which are currently being wound up), including property syndicates, wholesale funds and private client investments. With total gross assets of approximately $205 million, revenue is derived from acquisition, disposal, debt arrangement, property management and underwriting fees and management fees as responsible entity of these funds.

During 2004, JF Direct launched the James Fielding Tourist Park Fund which owns the Palms Village Resort, a four star tourist park facility near Darwin. JF Direct has stated that it will continue to look for opportunities in the non-traditional asset classes of tourist parks and child care centres, as well as growing its core funds in the other retail and industrial sectors.

James Fielding Infrastructure

James Fielding Infrastructure ("JFI"), established in February 2003, focuses on three main property related infrastructure sectors, transport (roads, railways, airports and seaports), social (car parks, healthcare, aged care, justice and defence) and environmental (forestry and alternative energy). It has also developed a strategic relationship with Leighton Holdings Limited ("Leighton Holdings"), who acquired a 50% interest in James Fielding Infrastructure Pty Limited in January 2004. While JFI will continue to independently pursue opportunities within its business plan, the Leighton Holdings relationship provides JFI with:

- 'first rights' access to the deal flow of Leighton Holdings (but no obligation to invest)
- access to Leighton Holdings seed capital to establish JFI funds and underwrite or support asset acquisitions by those funds
- access to Leighton Holdings expertise.

At 30 June 2004, JFI had approximately $350 million of funds under management through four mandates comprising investments in:

- ASX-listed Stadium Australia Trust ("SAT"), the beneficial owner of Telstra Stadium (100% managed by JFG)
- unlisted International Parking Group
- JFIYF, which holds investments in IPG and BAC Airports Pty Limited
- Australian Sustainable Investments Fund ("ASIF"), which holds interests in freehold land on lease to forestry industry participants, together with carbon sequestration rights.

James Fielding Capital

James Fielding Capital ("JF Capital") creates and manages property-based debt products for investors. The company also structures, arranges and manages the debt-based capital requirements of JFG for investment and development properties and manages the resulting loan facilities. At 30 June 2004, JF Capital had approximately $73 million in funds under management in high yielding debt funds and managed $645 million of debt facilities for JFG and related entities.

Established in 2002, the James Fielding Mezzanine Capital Fund ("JFMCF") was the first of JF Capital's debt funds. With the capacity to lend $120 million, the capital is lent on a subordinated basis to borrowers engaged in property development, construction or investment across all property sectors. These funds are co-invested with GIC Real Estate of Singapore, the real estate investment company of the Government Investment Corporation, which manages foreign reserves in Singapore.

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Post 30 June 2004

JF Capital established a joint venture with Balmain NB called JF Aqua Pty Limited to manage income funds that primarily invest in mortgages.

James Fielding Meridian Management

James Fielding Meridian Management ("JFMM") acquired Tyndall Investment Management (Aust) Limited (now JFMM), the responsible entity for Tyndall Meridian Trust (now JFMT) in March 2003 for $29.8 million. JFMM earns management, acquisition, development and project management fees from JFMT.

JFMT is a diversified property trust trading on the ASX. Its major investments are direct interests in shopping centres and commercial and industrial property.

At 30 June 2004, JFMT had a market capitalisation of $487 million and gross assets of approximately $654 million. Gross assets increased to approximately $775 million following the settlement of 10-20 Bond Street, Sydney in July 2004. At October 2004, the JFMT funds managed by JFMM were $795 million.

Hotel Capital Partners

Hotel Capital Partners ("HCP") is the responsible entity for the ASX listed Tourism and Leisure Trust and the Australia Hotel Fund. Focussed exclusively on hotel and tourism related property, the company has $92 million in funds under management. JFG effectively acquired the remaining 50% interest it did not own on 27 October 2004 for $0.35 million.

Perpetual James Fielding

Perpetual James Fielding ("PJF") is a joint venture between JFH and Perpetual Asset Management Limited, actively managing property securities for retail, master trusts and institutional clients. JFH's 50% interest in the funds under management at 30 September 2004 was $146 million.

Other

In addition to the above, the property funds management division of JFG also includes:

- a 50% interest in the Brisbane based property fund manager, Property Funds Australia Limited ("PFA"), giving JFG access to a distribution network in Queensland. Acquired in August 2004, JFG's share of PFA's funds under management is $131 million
- a 50% interest in the Sydney based property fund manager, Domaine Property Funds Limited, giving JFG access to a niche market of small scale property developments in New South Wales. JFG's share of funds under management at the date of acquisition was $48 million.

4.2.3 Property development

James Fielding Developments ("JF Developments") undertakes property development, refurbishment, strata and land subdivision across a broad range of property classes. It has traditionally concentrated on the development of retail, commercial and industrial sites, however, it has more recently invested in three Sydney basin airports at Bankstown, Hoxton Park and Camden. At 30 June 2004, JF Developments was an equity participant in six development projects and acted as a development manager for a further seven development projects for a fee and/or profit share incentive.

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JF Developments currently has a development pipeline totalling approximately $1.5 billion including the following:

- the long-term development of the Sydney basin airports, including a 33% interest in 104 hectares of developable land around Bankstown Airport and a 50 % interest in Hoxton Park Airport
- the staged development of the Orion Town Centre at Greater Springfield in Queensland, creating 194,000 square metres of retail, community services and commercial space on behalf of JFT and JFMT
- a joint venture with Springfield Land Corporation to develop up to 230,000 square metres to be known as Australian Centre for LifeLong Learning at Greater Springfield in Queensland
- development of a 29,400 square metre office building in Canberra in partnership with Leighton Properties
- continued development at Minchinbury, New South Wales, to create an extra 9,000 square metres of gross lettable area
- development of 23,000 square metres for Holden's new headquarters in Port Melbourne on behalf of JFT and JFMT
- early stages of planning for an industrial development at Eastern Creek, west of Sydney.

4.2.4 Property services

James Fielding Property Services Pty Limited ("JFPS") was established in December 2001 to provide a range of integrated property related services including strategic analysis, capital planning and delivery, on-going facility and asset management to trusts, corporates, church and charitable organisations and government departments. At 30 June 2004 JFPS had seven contracts and managed 148 properties in New South Wales, Victoria and Queensland with an annual rental roll in excess of $219 million.

4.2.5 Co-ownership and joint venture agreements

Several JFG investments and joint ventures are subject to co-ownership or default agreements. They contain pre-emptive rights in favour of the relevant co-owner or joint venture party with default provisions which, if triggered allow the co-owner or joint venture party to acquire JFG's interest in the investment at market value or remove JFG as fund manager or responsible entity.

We understand that the acquisition by Mirvac under the Schemes should not trigger the pre-emptive rights or default provisions for the major joint ventures, or if it does, the co-owner or joint venture party has consented to waive any such default provisions.

In particular, with respect to JFI, Leightons Holdings has consented to the Schemes and will not remove James Fielding Funds Management Pty Limited as manager of any investment vehicles. In addition, the other shareholders of PJF have agreed not to exercise the call option on JFG's investment as permitted under the shareholders agreement.

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4.3 Capital structure and securityholders

As at 21 October 2004, JFG had the following securities on issue:

- 143.6 million ordinary securities
- 5.8 million options over ordinary securities issued under the employee option plan ("EOP").

Table 6 below lists the 20 largest security holders as at 21 October 2004.

Table 6: Top twenty securityholders as at 21 October 2004

Name	No. of Securities	%
J P Morgan Nominees Australia Limited	15,610,654	10.87
Westpac Custodian Nominees Limited	14,502,071	10.10
RBC Global Services Australia Nominees Pty Ltd	11,728,210	8.17
Leighton Holdings Limited	9,954,030	6.93
National Nominees Limited	9,332,045	6.50
GJP Investments Pty Ltd	6,013,224	4.19
Tower Trust Limited	5,416,181	3.77
Questor Financial Services Limited	3,838,467	2.67
HSBC Custody Nominees (Australia) Limited	3,830,626	2.67
Citicorp Nominees Pty Ltd (CFSIL Commonwealth Property 1 Account)	3,299,838	2.30
Cogent Nominees Pty Ltd	2,295,910	1.60
Citicorp Nominees Pty Ltd	1,903,468	1.33
ANZ Nominees Limited	1,622,857	1.13
Pan Australian Nominees Pty Limited	1,534,400	1.07
Victorian WorkCover Authority	1,318,512	0.92
Citicorp Nominees Pty Ltd (CFSIL Commonwealth Property 6 Account)	1,096,513	0.76
Citicorp Nominees Pty Ltd (CFSIL CFS W/S Small Company Account)	1,090,767	0.76
ANZ Managed Investments Ltd	804,898	0.56
Bryshaw Management Pty Ltd	742,695	0.52
UBS Private Clients Australia Nominees Pty Ltd	715,323	0.50
Total top 20 JFG Securityholders	**96,650,689**	**67.21**
Other JFG Securityholders	46,956,971	32.79
Total	**143,607,662**	**100.00**
Securities to be issued under the employee option plan	5,840,000[1]	
Securities to be issued under the employee share plan	400,000	
Total JFG Securities inclusive of options	**149,847,662**	

Source: JFG management

Notes:

1 *We understand all option holders have undertaken to exercise the options currently held should the Schemes proceed*

During the 2004 financial year JFG issued 26 million stapled securities, for $73.6 million at $2.83 per security. A further six million securities were issued under the distribution reinvestment and employee share plans.

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Subsequent to 30 June 2004, two million securities were issued under the dividend reinvestment plan and one million securities under the employee share plan ("ESP"), raising an additional $3.1 million of equity capital. This comprised 600,000 securities issued to employees in August 2004 at a price of $2.91 per security and a further 400,000 securities issued to executives in late October 2004 at a price of $3.33 per security.

JFG had the following employee options on issue at 21 October 2004:

Table 7: JFG – employee options

Grant date	Vesting period	Expiry date	Exercise price $	Number of options	Total consideration $'000
7 November 2001	2 years	7 November 2011	2.36	900,000	2,124
8 August 2002	2 years	8 August 2007	2.92	4,940,000	14,424
Total				**5,840,000**	**16,548**

Source: JFG Annual report

Pursuant to the Schemes, Mirvac has agreed to provide each holder of JFG options and securities under the respective EOP and ESP with the following interest free loans:

- a loan to pay the exercise price for all JFG options
- a loan to pay any tax liability which arises as a result of the JFG options being exercised before the Court Approval date
- a loan to pay the amount owing for securities issued to executives under the ESP.

The maximum amount of all loans to be made by Mirvac in respect of securities under the EOP and ESP is $26.1 million (this excludes loans provided for any related tax liability). All options are 'in-the-money' and have vested. We understand that all option holders have undertaken to exercise the options currently held, should the Schemes proceed. This will increase the number of securities on issue by 5.84 million.

4.4 Security price history

The JFG stapled security is included in a number of indices, including the All Ordinaries Index, the S&P/ASX 200 Property Index and the S&P/ASX 200 Real Estate Index. JFG's quarterly security price and trading volumes from 1 January 2003 to 30 September 2004 and 1 October 2004 to 19 October 2004 have been summarised in Table 8:

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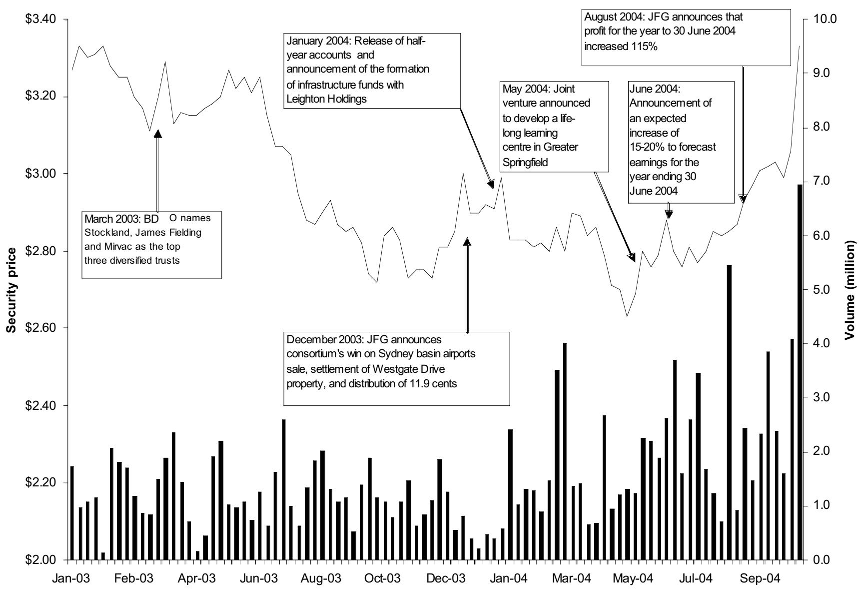
Table 8: JFG quarterly security price information

Quarter end date	High ($)	Low ($)	Last Trade ($)	Volume (million)
31 March 2003	3.37	3.10	3.25	16,977,931
30 June 2003	3.30	3.08	3.13	14,384,109
30 September 2003	3.12	2.72	2.73	19,035,522
31 December 2003	3.02	2.68	2.92	12,640,950
31 March 2004	3.00	2.80	2.83	19,794,435
30 June 2004	2.95	2.63	2.80	23,036,471
30 September 2004	3.12	2.71	3.01	30,416,817
1 October - 19 October 2004	3.36	2.99	3.33	13,112,557

Source: Bloomberg

Figure 7 below shows the weekly trading volume and closing weekly security price of JFG from 1 January 2003 to 19 October 2004.

Figure 7: JFG activity on ASX



Source: Bloomberg and Deloitte analysis

JFG securities are relatively illiquid with average turnover since 1 January 2003 of approximately 313,000 securities per day, representing around 0.22% of total securities on issue at 30 June 2004. Significant announcements that may have affected the security price and trading volumes over the past few years are depicted in the figure above.

From 1 July 2003 to 30 June 2004, JFG's security price declined approximately 10.3% to $2.80 per security. This decline may be attributed to the following factors:

- the reduced weighting of JFG in the Index
- the significant merger and acquisition activity in the LPT sector may have diverted attention from smaller entities in the Index.

The S&P/ASX200 Property Trust Index achieved a return of 8.8% over this period. Between 30 June 2004 and 11 October 2004 (the day prior to announcement), the security price rose approximately 11% to $3.12 per stapled security.

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4.5 Financial performance

The audited statements of financial performance of JFG for the eight months ending 30 June 2002 and the years ending 30 June 2003 and 30 June 2004 are summarised in Table 9 below.

Table 9: JFG's statements of financial performance

	8 months to 30 June 2002 ($'000)	Year ending 30 June 2003 ($'000)	Year ending 30 June 2004 ($'000)
Revenue from ordinary activities (excluding share of equity accounted net profits of associates and joint ventures)	15,924	47,148	88,476
Share of net profits of associates accounted for using the equity method	(335)	425	5,981
Total revenue from ordinary activities	**15,589**	**47,573**	**94,457**
EBITDA	**5,302**	**17,785**	**33,571**
EBITDA margin	*34%*	*37%*	*36%*
Depreciation and amortisation	(19)	(655)	(1,694)
EBIT	**5,283**	**17,130**	**31,877**
EBIT margin	*34%*	*36%*	*34%*
Net borrowing costs	(2,898)	(3,792)	(3,897)
Profit from ordinary activities before income tax expense	**2,385**	**13,338**	**27,980**
Income tax expense applicable to ordinary activities	-	*(108)*	*20*
Net profit attributable to the stapled security holders	**2,385**	**13,230**	**28,000**
Profit margin	*15%*	*28%*	*30%*
Distribution per security (cents)	15.3	23.0	23.8
Earnings per security (cents)	6.8	15.3	22.7

Source: Annual reports, Deloitte analysis

JFG has experienced significant revenue growth since its establishment in November 2001. This increase can be attributed to a number of factors, including:

- an increase in funds under management from $339 million at 30 June 2002 to $1.5 billion at 30 June 2004
- the launch of several new funds, including JFMCF, James Fielding Retail Fund, James Fielding Childcare Fund, JF Industrial Fund, JF Tourist Park Fund, the JFIYF, the Australian Sustainable Investment Fund and the JF Sustainable Equity Fund
- in the 2004 financial year, the appointment as the manager and responsible entity for eight unlisted property funds and two listed trusts, being SAT and JFMT
- the sale of significant investments, including Plaza Arcade, Perth for $26.2 million in 2003 and a 50% interest in Eastern Creek for $8.1 million in 2004
- a significant increase in total investment assets to $654 million, including the acquisition of the land and development rights at Bankstown and Hoxton Park airports and an interest in Australian Centre for LifeLong Learning
- high portfolio occupancy and strong recurring income.

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4.6 Financial position

The audited statements of financial position of JFG as at 30 June 2003 and 30 June 2004 are summarised in Table 10.

Table 10: JFG's statements of financial position

	As at 30 June 2003 Audited $'000	As at 30 June 2004 Audited $'000
Current assets		
Cash	18,676	35,408
Receivables	10,699	7,722
Investment properties	24,057	-
Property development inventories	-	22,345
Other financial assets	87	-
Other	936	1,192
Total current assets	**54,455**	**66,667**
Non-current assets		
Receivables	10,740	80,906
Investments accounted for using the net market value and equity method	4,213	94,868
Other financial assets	71,311	956
Investment properties	177,094	253,862
Property development inventories	36,130	43,008
Property, plant and equipment	347	450
Intangible assets	22,791	22,540
Other	908	1,635
Total non-current assets	**323,534**	**498,225**
Total assets	**377,989**	**564,892**
Current liabilities		
Payables	6,143	29,084
Current tax liabilities	129	103
Provisions	12,524	16,759
Interest bearing liabilities	-	16,260
Total current liabilities	**18,796**	**62,206**
Non-current liabilities		
Payables	-	553
Interest bearing liabilities	84,029	139,754
Total non-current liabilities	**84,029**	**140,307**
Total liabilities	**102,825**	**202,513**
Net assets	**275,164**	**362,379**
Number of securities on issue (million)	**108.9**	**140.8**
NTA per security	**$2.32**	**$2.41**

Source: JFG Annual reports

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Net assets increased by approximately 32% between 30 June 2003 and 30 June 2004. This was achieved through the issue of new securities to the value of $73.6 million. These funds raised together with a further $72.0 million of debt, was used to acquire additional assets during the year.

The increase in investments accounted for using the equity method predominantly relates to a 15% interest in the JFMT, which was previously recorded at cost. The increase in investment properties includes the acquisition of $50 million of forestry land, a $17.25 million investment in the Holden site at Port Melbourne and a number of property revaluations.

Post 30 June 2004 events

Subsequent to 30 June 2004, JFT announced settlement on the acquisition of:

- nine hectares of land in Mornington, Victoria for $12.6 million
- 3,998 square meters of land at Mulgrave, Victoria for $1.2 million.

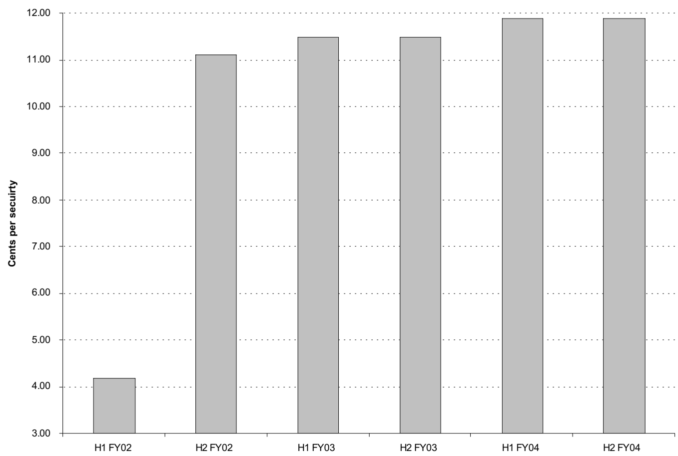
Furthermore, JFH has acquired the following assets subsequent to 30 June 2004:

- a 50% interest in the Brisbane based property fund manager, Property Funds Australia Limited, for approximately $5 million, with a further payment based on performance of the business
- a 50% interest in the Sydney based property fund manager, Domaine Property Funds Limited, for approximately $3.5 million, with a further payment in 12 months based on performance of the business
- the remaining 50% interest it did not already own in Hotel Capital Partners, the responsible entity for the ASX listed Tourism and Leisure Trust and the Australia Hotel Fund, for $0.3 million.

4.7 Distribution history

JFG's semi-annual distributions from December 2001 to 30 June 2004 are summarised in Figure 8 below.

Figure 8: JFG distributions paid (cents per stapled security)



Source: Bloomberg

Notes:

1 The H1FY02 distributions only reflect operations in November and December of 2001

The total distributions for the year ended 30 June 2004 were 23.8 cents per security. This represents a 3.5% increase over the previous year.

4.8 Distribution reinvestment plan

JFG introduced a distribution reinvestment plan ("DRP") in November 2001, giving JFG Securityholders the option to reinvest all or part of their cash distribution in additional JFG securities. In accordance with the DRP, new securities are issued at the volume weighted average price for the five days up to and including the record date, less a discount of up to 5% as determined by the JFG board of directors.

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5 Profile of Mirvac

5.1 History and overview

Mirvac was established in 1972 and listed on the ASX as a single stapled security in June 1999, consisting of three entities. In September 2002, the Mirvac Property Trust acquired the Mirvac Commercial Trust to simplify the structure.

Mirvac is a diversified property group with businesses in property investment and management, property development and hotel management. These businesses operate in five Australian states and territories, with hotel operations in New Zealand.

5.2 Principal activities

Mirvac has three principal divisions:

- property investment and management
- property development
- hotel management.

Further details of each of its activities are set out below.

5.2.1 Property investment and management

The Mirvac Property Trust contains Mirvac's property investment and management activities. Mirvac Property Trust's portfolio comprises office, retail, industrial and car park assets which had a combined book value of $2.29 billion as at 30 June 2004. The properties are situated in New South Wales, Queensland, Victoria and ACT.

As at 30 June 2004, occupancy rates were strong across all sectors within the portfolio, with the occupancy for the commercial, retail and industrial portfolios at 97.2%, 99.3% and 96.4% respectively.

Mirvac has also recently established a retail projects business which forms part of the property investment and management division. This business has the following purposes:

- develop new retail assets for the Mirvac Property Trust
- identify and acquire retail assets for the Mirvac Property Trust
- add value to existing retail assets held by the Mirvac Property Trust through refurbishment and extensions.

In the last financial year, the following projects were completed:

- Stanhope Village, Sydney
- Greenwood Plaza, North Sydney
- the retail component of "ikon" residential complex, Sydney.

These three developments form part of the Mirvac Property Trust portfolio.

5.2.2 Property development

Mirvac primarily focuses on residential developments including resorts, houses, villas and apartments and has operations in NSW, Queensland, Victoria and Western Australia.

The property development division's activities including initial feasibility assessment, design services, gaining of planning consent, construction and marketing. The majority of Mirvac's projects have been medium density and high rise residential developments. However, Mirvac has recently placed greater emphasis on lower density residential projects, particularly house and land developments.

At 30 June 2004, Mirvac had 19,250 lots to develop comprising 14,500 house and land sites and 4,750 medium density lots. A breakdown of the lots under control, by state is set out in the table below.

Table 11: Lots under control as at 30 June 2004

State	No. of lots
New South Wales	9,450
Western Australia	4,900
Victoria	2,600
Queensland	2,300
Total	**19,250**

Source: Mirvac company announcements

The property development division also undertakes development of commercial, retail and industrial property assets. The current and proposed investment developments are shown in Table 12 below. Once completed, these developments will become assets of the property investment and management division.

Table 12: Mirvac development pipeline

Project	Current Value ($m)
Current	
Waverley Gardens, Mulgrave, VIC	52
Thiess Building, Brisbane, QLD	41
Darling Island II, Pyrmont, NSW	112
Hickson Road, Walsh Bay, NSW	50
Bundaberg Retail Centre, QLD	42
Nexus Industry Park, Liverpool[1], NSW	100
Stanhope Village Stage 2[1], NSW	25
	422
Proposed	
Waverley Gardens Stage 2[1], VIC	20
Pacific Place, Chatswood[1], NSW	130
George Street, Sydney[1], NSW	200
	350
Total	**772**

Source: Mirvac annual report, company announcements

Note:

1 Planning not yet finalised

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5.2.3 Hotel management

The hotel management division is involved in the management and ownership of hotels, resorts and serviced apartment complexes operating under various brands, including:

- Sebel
- Quay West
- Marriott.

Mirvac operates 24 hotels located throughout New South Wales, Queensland, Victoria, Western Australia and New Zealand and is the responsible entity for four properties operating under the Peppers and Medina banners. Based on numbers as at 30 June 2004, Mirvac will own three hotel properties and have a total of 3,229 rooms under management. For the financial year ended 30 June 2004 Mirvac achieved an occupancy rate of 74% at an average room rate of $168 per night.

5.3 Capital structure and securityholders

Mirvac comprises a unit trust (Mirvac Property Trust) and a company (Mirvac Limited), together with each of their controlled entities. Each unit in Mirvac Property Trust is stapled to a share in Mirvac Limited which are listed together on the ASX as a single stapled entity. At 18 August 2004, Mirvac had 716.9 million securities on issue. The table below lists the top 20 Mirvac securityholders at 18 August 2004.

Table 13: Top 20 Mirvac securityholders as at 18 August 2004

	Number of securities	% of total issued securities
Westpac Custodian Nominees	110,313,000	15.39
JP Morgan Nominees Australia	107,922,456	15.05
National Nominees Limited	100,931,991	14.08
Citicorp Nominees Pty Limited	29,955,323	4.18
Cogent Nominees Pty Limited	23,036,464	3.21
Citicorp Nominees Pty Limited	20,637,666	2.88
AMP Life Limited	14,492,373	2.02
Cogent Nominees Pty Limited	13,450,537	1.88
Queensland Investment Corporation	12,423,957	1.73
Bond Street Custodians Limited	11,628,257	1.62
Hamilfam Pty Limited	10,030,052	1.40
RBC Global Services Australia Nominees Pty Limited	9,150,736	1.28
Transport Accident Commission	8,897,422	1.24
Bond Street Custodians Limited	7,522,697	1.05
Westpac Financial Services Limited	7,358,237	1.03
ANZ Nominees Limited	7,051,530	0.98
Victorian WorkCover Authority	6,224,054	0.87
Perpetual Trustee Company Limited	6,159,606	0.86
ANZ Nominees Limited	5,108,359	0.71
HSBC Custody Nominees (Australia) Limited	4,370,825	0.61
Total top 20 securityholders	**516,665,542**	**72.07**
Other securityholders	200,203,935	27.93
Total	**716,869,477**	**100.00**

Source: Mirvac annual report

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5.4 Security price history

Mirvac is included in 19 indices, including the All Ordinaries Index, S&P/ASX 50 Index and the S&P/ASX 200 Property Index. Mirvac's quarterly security price and trading volumes from 1 January 2003 to 30 September 2004 and 1 October 2004 to 19 October have been summarised in the table below.

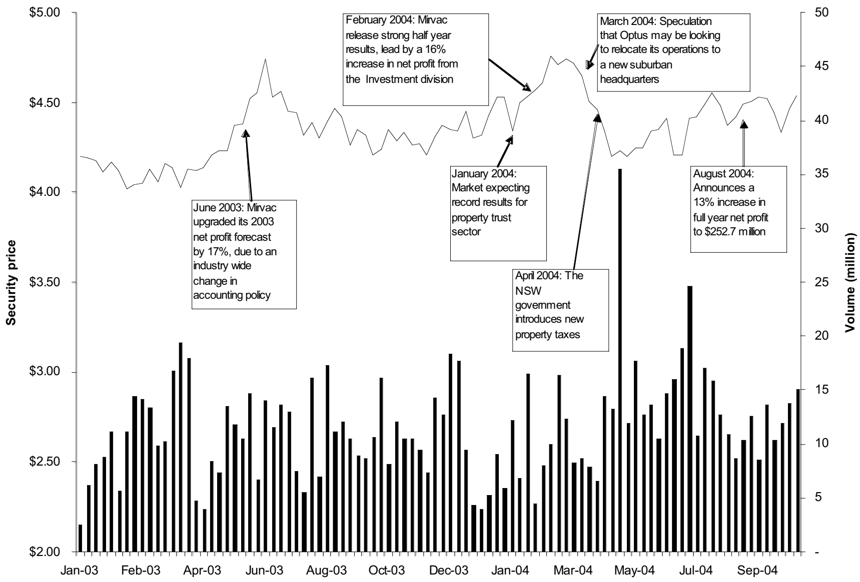
Table 14: Quarterly security price information

Quarter ended	High ($)	Low ($)	Last trade ($)	Volume (000)
March 2003	4.28	3.97	4.14	139,776
June 2003	4.80	3.99	4.44	139,771
September 2003	4.58	4.15	4.20	144,841
December 2003	4.49	4.16	4.32	150,540
March 2004	4.87	4.29	4.65	120,820
June 2004	4.73	4.16	4.30	191,128
September 2004	4.65	4.21	4.35	173,645
1 October – 19 October 2004	4.59	4.33	4.54	36,490

Source: Bloomberg

The figure below presents Mirvac's closing weekly security price and weekly trading volume from 1 January 2003 to 19 October 2004.

Figure 9: Stock activity of Mirvac on ASX



Source: Bloomberg and Factiva

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Mirvac securities are relatively liquid with average turnover since 1 January 2003 of approximately 2.4 million securities per day, which represents around 3% of total securities on issue. Significant announcements that may have influenced the security price and trading volumes over the past two years are depicted in the figure above.

5.5 Financial performance

Mirvac's audited statements of financial performance for the years ended 30 June 2002, 2003 and 2004 are summarised below.

Table 15: Mirvac's statements of financial performance

	Year ending 30 June 2002 ($'000)	Year ending 30 June 2003 ($'000)	Year ending 30 June 2004 ($'000)
Revenue from operating activities	1,010,612	1,378,517	1,378,543
Revenue from other activities	5,357	24,243	7,091
Total revenue from ordinary activities	**1,015,969**	**1,402,760**	**1,385,634**
EBITDA	**243,110**	**336,287**	**392,777**
EBITDA margin	*24%*	*24%*	*28%*
Depreciation and amortisation expense	(5,940)	(6,903)	(6,801)
EBIT	**237,170**	**329,384**	**385,976**
EBIT margin	*23%*	*24%*	*28%*
Borrowing costs	(34,022)	(65,862)	(89,723)
Profit from ordinary activities before income tax expense	**203,148**	**263,522**	**296,253**
Income tax expense applicable to ordinary activities	(33,093)	(40,184)	(43,555)
Net profit attributable to the stapled securityholders	**170,055**	**223,338**	**252,698**
Profit margin	*17%*	*16%*	*18%*
Net increase in asset revaluation reserve	14,921	47,810	20,693
Distribution per security (cents)	26.2	29.0	32.2
Earnings per security (cents)	27.6	34.9	36.7

Source: Mirvac annual report

Revenues have remained relatively flat in 2004 as increases in the property investment and hotel management divisions have been offset by a decline in the property development division. Profit after tax increased by 13.1% over the year and 48.6% since 2002. This was due primarily to profit increases in the development division (15%) and the investment division (14%). Settlements on residential properties increased overall, however, the split between medium density and house/land has changed compared to 2003. Settlements on house and land increased by 32% to 1,957 lots whereas settlements on medium density lots declined by 11% to 1,026. The change reflects Mirvac's intention to focus on house and land developments and reduce its exposure to medium density developments.

Each division’s contribution to earnings before interest and tax (“EBIT”) for 2003 and 2004 is presented in the figures below.

Figure 10: Contribution to EBIT for 2003 by division

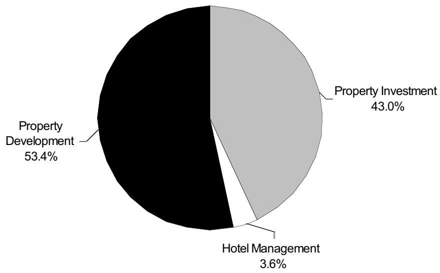
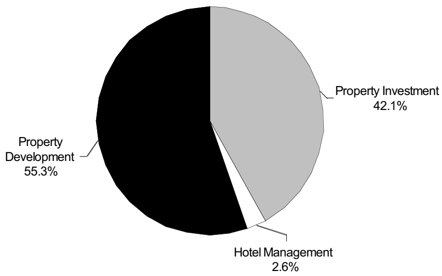


Figure 11: Contribution to EBIT for 2004 by division



Source: Mirvac annual report

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5.6 Financial position

Mirvac's audited statements of financial position as at 30 June 2003 and 2004 are set out below.

Table 16: Mirvac's statements of financial position

	As at 30 June 2003 ($'000)	As at 30 June 2004 ($'000)
Current assets		
Cash assets	33,481	332,120
Receivables	88,530	98,764
Inventories	643,258	588,440
Other	13,680	19,599
Total current assets	**778,949**	**1,038,923**
Non-current assets		
Receivables	59,598	87,088
Inventories	537,732	602,727
Investments accounted for using the equity method	89,385	79,357
Investment properties	2,123,059	2,445,972
Plant & equipment	17,395	17,132
Intangible assets	25,612	24,126
Other	10,025	11,095
Total non-current assets	**2,862,806**	**3,267,497**
Total assets	**3,641,755**	**4,306,420**
Current liabilities		
Payables	128,996	161,024
Interest bearing liabilities	86	125,016
Current tax liabilities	16,226	20,522
Provisions	67,362	75,580
Other	3,525	5,134
Total current liabilities	**216,195**	**387,276**
Non-current liabilities		
Payables	90,000	75,500
Interest bearing liabilities	1,228,409	1,529,183
Deferred tax liabilities	70,934	71,470
Provisions	2,648	2,914
Total non current liabilities	**1,391,991**	**1,679,067**
Total liabilities	**1,608,186**	**2,066,343**
Net assets	**2,033,569**	**2,240,077**
Number of securities on issue (million)	**673.7**	**709.5**
NTA per security	**$2.98**	**$3.12**

Source: Mirvac Annual Report

The cash balance has increased significantly between 2003 and 2004 due to improved cash flows from operations. Inventories consist of development projects and construction work in progress. Mirvac's investment properties, which are outlined in Appendix 2, comprise a range of property assets in the office, retail, industrial and car park sub-sectors.

Intangible assets comprise goodwill paid on acquisitions of businesses and controlled entities.

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Current payables largely represent trade and other creditors. Non-current payables relate to deferred land payments. Total interest bearing liabilities as at 30 June 2004 was $1.7 billion representing a debt to total assets ratio of approximately 38%.

5.7 Distribution history

Mirvac's distributions for the years ending 30 June 2000 to 30 June 2004 are summarised in the figure below.

Figure 12: Mirvac distributions

Source: Explanatory Memorandum

Notes:

1 *Distributions exclude the impact of franking tax credits*

2 *Distribution amounts for the years ending 30 June 2000 and 30 June 2001 have been adjusted for capital changes*

The total distribution for the year ended 30 June 2004 was 32.2 cps. Total cash distributions for the year ending 30 June 2005 are expected to be 33.8 cps. Mirvac allows securityholders to reinvest their distributions under a DRP. Securities issued under the DRP are issued at a 2% discount to the volume weighted average price of Mirvac securities traded in the five trading days prior to the ex-distribution date.

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6 Profile of the Proposed Merged Entity

6.1 Introduction

A profile of the Proposed Merged Entity is set out in this section, including:

- overview of the Proposed Merged Entity
- pro forma statement of financial position for the Proposed Merged Entity as at 30 June 2004.

6.2 Overview of the Proposed Merged Entity

6.2.1 Operations

The table below sets out a comparison of business activities of JFG, Mirvac and the Proposed Merged Entity:

Table 17: Comparison of business activities of JFG, Mirvac and the Proposed Merged Entity

	Mirvac	JFG	Proposed Merged Entity
Property investment	■	■	■
Investment property development	■	■	■
Residential property development	■	■	■
Funds management	■	■	■
Hotels	■	■	■

Source: Mirvac and JFG investor presentation dated 12 October 2004, Deloitte analysis

The Proposed Merged Entity is expected to be one of the top 50 companies listed on the ASX with a market capitalisation of $3.8 billion. The Proposed Merged Entity will control a $2.5 billion investment property portfolio, $10.6 billion of property development pipeline and $1.7 billion in funds under management.

The charts below set out the composition of the net assets and segment results of the Proposed Merged Entity, based on the statements of financial position and financial performance of JFG and Mirvac for the year ended 30 June 2004:

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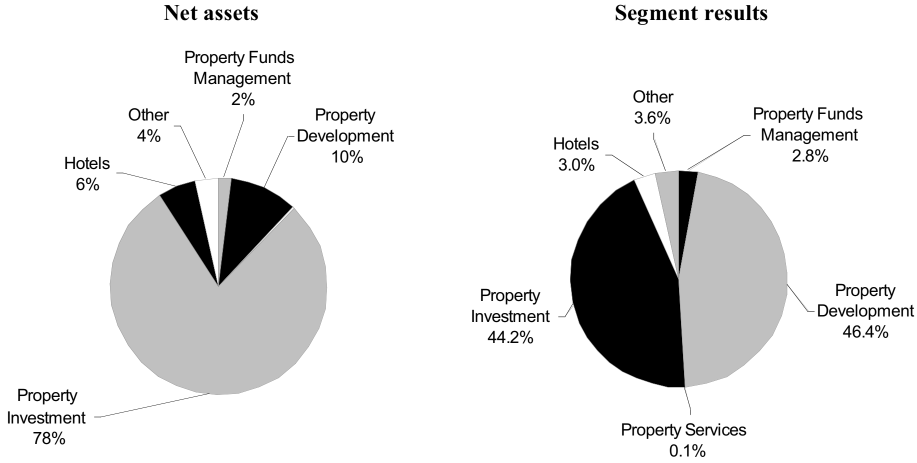
Figure 13: Composition of net assets and segment results for the Proposed Merged Entity



Source: Deloitte analysis, annual reports of JFG and Mirvac for the year ended 30 June 2004

The majority of net assets of the Proposed Merged Entity will relate to the property investment business, comprising the property investment portfolios of JFG and Mirvac. Approximately 99% of the 30 June 2004 results for the property development division of the Proposed Merged Entity relate to residential property development attributable to Mirvac.

A significantly higher proportion of the net income of the Proposed Merged Entity will be derived from property development. The majority of the development undertaken by the Proposed Merged Entity in the future is also likely to be residential. It is expected that the proportion of net income generated by property investment and funds management will be smaller in the Proposed Merged Entity than currently is the case for JFG.

The table below sets out a comparison of the geographical coverage of the investment portfolios of JFG, Mirvac and the Proposed Merged Entity:

Table 18: Geographical coverage of investment portfolios of JFG, Mirvac and the Proposed Merged Entity

	Mirvac	JFG	Proposed Merged Entity
New South Wales	63%	42%	59%
Victoria	18%	16%	19%
Queensland	10%	30%	12%
ACT	9%	3%	8%
South Australia	-	10%	2%

Source: Mirvac and JFG investor presentation dated 12 October 2004, JFG annual report for the year ended 30 June 2004, Deloitte analysis (percentages may not add due to rounding)

JFG Securityholders who become securityholders in the Proposed Merged Entity will increase their exposure to the New South Wales, Victorian and ACT property markets and reduce their exposure to the Queensland and South Australian markets.

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6.2.2 Directors and Management

The board of directors of the Proposed Merged Entity will comprise:

- Greg Paramor, the current managing director of JFG, who will be appointed managing director of the Proposed Merged Entity
- three executive directors of Mirvac, including Bob Hamilton (currently the managing director of Mirvac who will head the development business), Dennis Broit and Roger Fortune
- five non-executive directors of Mirvac being Adrian Lane (current chairman of Mirvac), Anna Buduls, Paul Biancardi, Geoffrey Levy and the Hon. Robert Webster
- two non-executive directors of JFG, being James MacKenzie, the current chairman of JFG and Richard Turner.

6.2.3 Distribution profile

Distributions will be made by the Proposed Merged Entity on a quarterly basis. Accordingly JFG Securityholders who become securityholders in the Proposed Merged Entity will receive distributions on a more regular basis. Furthermore, Mirvac distributions have historically included a franked component.

The cash distributions forecast for JFG and the Proposed Merged Entity are set out in the table below:

Table 19: Forecast cash distributions (cents per security)

	Year ending 30 June 2005		
	JFG standalone (cps)	Proposed Merged Entity[1] (cps)	Improvement if Schemes are approved (cps)
Distributions excluding franking tax credits	24.50	24.81	0.31
Franking tax credits	-	2.19	2.19
Distributions including franking tax credits	**24.50**	**27.00**	**2.50**

Source: Explanatory Memorandum, Deloitte analysis

Notes:

1 Comprising the forecast JFG distribution for the six months ending 31 December 2004 and the forecast Mirvac distribution (post-transaction) per equivalent JFG security, based on the offer ratio of 0.73, for the six months ending 30 June 2005

Should the Schemes proceed, JFG Securityholders who become securityholders in the Proposed Merged Entity are expected to receive greater distributions per security for year ending 30 June 2005 compared with the distributions expected to be paid by JFG.

JFG Securityholders will receive a distribution, estimated to be 12.25 cps to the six months ending 31 December 2004, regardless of whether the Schemes are implemented or not.

Mirvac considers it too early to forecast expected net profit after tax for the year ending 30 June 2005, given that it has significant development projects for which the level of sales and pricing are not yet known with certainty.

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6.3 Financial position

The pro forma statement of financial position for the Proposed Merged Entity as at 30 June 2004 is summarised in the table below.

Table 20: Statements of financial position

	Mirvac Audited 30/6/04 $'000	JFG Audited 30/6/04 $'000	Pro forma 30/6/04 $'000
Current Assets			
Cash assets	332,120	35,408	367,528
Receivables	98,764	7,722	106,486
Inventories	588,440	22,345	610,785
Other	19,599	1,192	20,791
Total Current Assets	**1,038,923**	**66,667**	**1,105,590**
Non Current Assets			
Receivables	87,088	80,906	187,774
Investments - equity method	79,357	94,868	186,725
Other financial assets	28	956	984
Investment properties	2,445,972	253,862	2,699,834
Inventories	602,727	43,008	665,735
Plant & equipment	17,132	450	17,582
Intangible assets	24,126	22,540	154,001
Deferred tax assets	7,688	-	7,688
Other	3,379	1,635	5,014
Total Non Current Assets	**3,267,497**	**498,225**	**3,925,337**
Total Assets	**4,306,420**	**564,892**	**5,030,927**
Current liabilities			
Payables	161,024	29,084	205,108
Interest bearing liabilities	125,016	16,260	149,776
Current tax liabilities	20,522	103	20,625
Provisions	75,580	16,759	86,388
Other	5,134	-	5,134
Total Current Liabilities	**387,276**	**62,206**	**467,031**
Non Current Liabilities			
Interest bearing liabilities	1,529,183	139,754	1,668,937
Payables	75,500	553	76,053
Deferred tax liabilities	71,470	-	71,470
Provisions	2,914	-	2,914
Total Non Current Liabilities	**1,679,067**	**140,307**	**1,819,374**
Total Liabilities	**2,066,343**	**202,513**	**2,286,405**
Net assets	**2,240,077**	**362,379**	**2,744,522**

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	Mirvac Audited 30/6/04 $'000	JFG Audited 30/6/04 $'000	Pro forma 30/6/04 $'000
Equity			
Contributed equity	1,978,411	352,264	2,477,226
Reserves	104,342	18,413	104,342
Retained profits	157,324	(13,928)	157,324
Parent company equity	**2,240,077**	**356,749**	**2,738,892**
Minority interests	**-**	**5,630**	**5,630**
Total equity	**2,240,077**	**362,379**	**2,744,522**
No of securities	**709,467,373**	**140,836,388**	**818,856,166**
NTA per Mirvac security	**3.12**	**n/a**	**3.16**
NTA per JFG security	**n/a**	**2.41**	**2.31**
Gearing	**38.4%**	**27.6%**	**36.2%**

Source: Explanatory Memorandum

The pro-forma statement of financial position of the Proposed Merged Entity is based on the audited statements of financial position of Mirvac and JFG as at 30 June 2004. The main assumptions and adjustments made in preparing the pro forma statement of financial position to the Proposed Merged Entity are described in the Explanatory Memorandum.

Goodwill arising on the acquisition of JFG by Mirvac is calculated as the excess consideration paid over the net fair value of the acquired assets. The value of the consideration will depend on the value of a Mirvac security at the date the transaction is completed. Based on a Mirvac security price of $4.56 and expected acquisition costs of $15 million, the total consideration will be approximately $514 million.

The net fair value of the acquired assets is estimated at approximately $434 million, including an upwards fair value adjustment of $52 million relating to development properties, management rights owned by JFG's funds management business and equity investments. Accordingly, the goodwill arising on the transaction has been estimated at $79 million.

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The pro forma statement of financial performance for the Proposed Merged Entity for the year ended 30 June 2004 is summarised in the table below.

Table 21: Statements of financial performance

	Mirvac Audited 30/6/04 $'000	JFG Audited 30/6/04 $'000	Pro forma 30/6/04 $'000
Net profit attributable to members of the group under AGAAP	252,698	28,000	276,731
IFRS adjustments	22,040	1,196	27,203[1]
Net profit attributable to members of the group under IFRS	**274,738**	**29,196**	**303,934**
Earnings per Proposed Merged Entity security (cents)			
- before amortisation of goodwill on acquisition			36.0
- after amortisation of goodwill on acquisition			35.5
Distributions per Proposed Merged Entity security (cents)			**32.2**

Source: Explanatory Memorandum

Notes:

1 *Includes an adjustment for the amortisation over 20 years of goodwill on acquisition of approximately $4.0 million.*

Detailed statements of financial performance and explanations of their compilation are included in the Explanatory Memorandum.

7 Valuation methodology

7.1 Valuation methodologies

To estimate the fair market value of the securities in JFG and the Proposed Merged Entity we have considered common market practice and the valuation methodologies recommended by ASIC Practice Note 43 regarding valuation reports of independent experts. These are discussed below.

7.1.1 Market based methods

Market based methods estimate fair market value by considering the market price of transactions in its securities or the market value of comparable entities. Market based methods include:

- capitalisation of maintainable earnings
- analysis of recent trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable entities. The capitalisation of maintainable earnings method is appropriate where earnings are relatively stable.

The most recent trading history provides evidence of the fair market value of the securities where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. For example, information on comparable transactions regarding similar funds management businesses can be used to derive a percentage of funds under management. Generally rules of thumb provide less persuasive evidence of the market value than other valuation methods because they may not account for entity specific factors.

7.1.2 Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting future cash flows to their net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage entities, projects with a finite life or businesses with a stable long term cash flow profile.

7.1.3 Asset based methods

Asset based methods estimate market value on the realisable value of identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

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The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation may not be contemplated, these methods in their strictest form may not necessarily be appropriate.

The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the value of an entity could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of assets are liquid or for asset holding entities.

7.2 Selection of valuation methodologies

7.2.1 JFG

We are of the opinion that the most appropriate methodology to value a security in JFG, on a minority basis, is to determine and subsequently aggregate, values for each of JFT and JFH. We have also considered the reasonableness of the value derived via this method with reference to recent trading in JFG securities.

JFT

We have used the net assets on a going concern basis to value JFT as it is predominantly an asset holding business.

JFH

To determine a value for JFH, we have aggregated the estimated values for each business on a going concern basis. In particular:

- we have used the capitalisation of maintainable earnings method to value JFG's funds management and property services businesses, as:
    - there have been an adequate number of comparable transactions undertaken by LPTs and fund managers to provide meaningful analysis
    - there are an adequate number of publicly listed companies with operations sufficiently similar to JFG's funds management and property services businesses to provide meaningful analysis
    - there are no reliable long-term cash flow forecasts available for either business, thus the discounted cash flow method is not appropriate
- we have used the discounted cash flow method to value the property development business, as
    - management have prepared detailed feasibility studies for the significant projects included in the $1.5 billion property development portfolio, being the developable land at the Sydney Basin Airports at Bankstown and Hoxton Park, the Orion Town Centre in Queensland and the Australian Centre for LifeLong Learning, which include forecast cash flows and/or profit forecasts
    - the development projects have finite lives
    - the capitalisation of maintainable earnings method is not appropriate as it is difficult to determine a maintainable earnings figure due to:
        - the limited historical earnings figures available

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  - the irregular pattern of earnings
  - the difficulties in forecasting the potential future development pipeline
- we have used the net assets on a going concern basis method to value the property investments and other net assets owned by JFH.

7.2.2 Proposed Merged Entity

In order to estimate the fair market value of a security in the Proposed Merged Entity, we undertook an analysis of recent trading in Mirvac securities. We confirmed the reasonableness of this valuation by considering a sum-of-the-parts valuation of the Proposed Merged Entity, by aggregating the estimated fair market values of JFG and Mirvac, as follows:

- we used a range in values for JFG comprising the value derived for JFG, as discussed above, and the value implied by the Schemes
- we applied the net assets on a going concern basis to value Mirvac's property investment business
- we have used the capitalisation of maintainable earnings method to value both the property development business and the hotels business.

In relation to Mirvac's property development business and hotels business, we did not have access to non-public information, including future cash flow forecasts, and therefore were not able to use the discounted cash flow method.

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8 Valuation of JFG

8.1 Introduction

Deloitte has estimated the fair market value of a JFG security on a control basis to be in the range of $3.06 to $3.42 as summarised in Table 22 below.

Table 22: JFG – valuation approach and conclusion

	Valuation approach	Section	Low value $000	High value $000
JFT	Net assets	8.3	300,490	300,490
JFH				
Funds management business	Capitalisation of future maintainable earnings	8.4.1	58,800	68,600
Property developments	Discounted cash flow	8.4.2	88,000	102,000
Property services business	Capitalisation of future maintainable earnings	8.4.3	2,000	2,500
Investments	Net assets	8.4.4	106,040	106,040
Other net assets	Net assets	8.4.5	9,000	9,000
Corporate overheads	Capitalisation of future overheads	8.4.6	(37,800)	(34,000)
Net debt	Net assets	8.4.7	(127,370)	(127,370)
Equity value (on a minority basis)			**399,160**	**427,260**
Control premium (15% to 20%)		8.5	59,874	85,452
Equity value (on a control basis)			**459,034**	**512,712**
No of securities on issue (000's)		**4.3**	**149,848**	**149,848**
Value per JFG security ($)			**3.06**	**3.42**

Source: Deloitte analysis

8.2 Valuation of JFG

We are of the opinion that the most appropriate methodology to value a security in JFG is to estimate the values for JFT and JFH separately on a going concern basis. We have considered the reasonableness of the value derived using this approach with reference to recent trading in JFG securities.

These are discussed in Sections 8.3 and 8.4 respectively.

8.3 Valuation of JFT

We have used the net assets on a going concern basis method to estimate the fair market value of JFT. We are of the opinion that this is the most appropriate method as JFT is predominantly an asset-holding business.

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8.3.1 Fair market value of net assets

We have assessed the fair market value of JFT's net assets on a going concern basis by aggregating the fair market value of its assets and liabilities. Accordingly, our assessment does not reflect any costs that would be incurred if the assets were disposed of in order to realise their value.

In order to estimate the fair market value of JFT's net assets we have utilised the audited net assets value of JFT as at 30 June 2004 and considered adjustments required to the book value of the net assets.

The majority of the assets and liabilities of JFT have been recorded at market value as at 30 June 2004, except for those for which we have made fair market value adjustments.

We have estimated the fair market value of JFT's net assets to be $300.5 million as set out in the following table.

Table 23: JFT's net assets

	($'000)
Audited book value of net assets at 30 June 2004	305,926
Fair market value adjustments:	
Add: Increase in the value of Old Wallgrove Road	4,500
Add: Increase in the underlying value a 75% share of JFIYF	2,900
Less: Minority interests	(12,536)
Less: Market value adjustment for interest rate hedges	(300)
Fair market value of net assets	**300,490**

Source: Deloitte analysis

Increase in the value of Old Wallgrove Road

A 50% interest in Old Wallgrove Road was sold to the JF Meridian Trust during the year ended 30 June 2004 for $8.1 million, realising a profit of $4.5 million (before adjusting for JFT's 15% interest in JF Meridian Trust). We have therefore made a fair market adjustment for an equivalent amount, to reflect the increase in the underlying value of the remaining 50% interest held by JFT.

Increase in the underlying value of JFIYF

Post 30 June 2004, the underlying net assets of JFIYF were marked to market, resulting in a net increase in the book value of JFIYF of approximately $3.9 million. The $2.9 million adjustment reflects the uplift of JFT's 75% interest in JFIYF. Subsequent to the revaluation, approximately 22% of JFIYF was sold to a non-related third party for a consideration equal to 22% of the underlying value of JFIYF.

Minority interests

At 30 June 2004, JFT held a controlling 75% interest in JFIYF and a 67% interest in the Orion Town Centre site. We have therefore deducted the value of the minority interests relating to JFIYF of $6.9 million and the Orion Town Centre site of $5.6 million.

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Market value adjustment for interest rate hedges

JFT has entered into interest rate hedges to ensure that the rate of interest payable on its debt is substantially fixed. We have adjusted the reported net asset position for the net fair market value of these interest rate swaps and bonds.

Market value of property portfolio

Included in the audited book value of JFT's net assets of $305.9 million is JFT's investment property portfolio of $283.4 million, which includes its investments in associates and joint ventures. Table 24 summarises the book value of JFT's property assets as at 30 June 2004 and relevant details of the discounted cash flow valuations of those properties (where applicable) performed by external property valuers, such as discount rate used, date of valuation and valuation conclusion.

Table 24: JFT's property portfolio as at 30 June 2004

Property	JFT Interest %	Discount rate %	Valuation date	Independent Valuation Amount ($'000's)	Book value ($'000's)
Direct investments					
127 Creek Street	100%	9.25%	Jun 2004	48,000	48,000
101 Grenfell Street	100%	9.50%	Jun 2004	27,800	27,800
253-269 Wellington Road and 18-20 Compark Circuit	100%	9.25%	Aug 2002	15,500	15,909
30-32 Compark Circuit	100%	9.25%	Jun 2004	7,400	7,400
6-8 Compark Circuit	100%	9.00%	Apr 2004	1,320	1,171
21 Bungover Rd and 1128-1132 Nepean Highway	100%	n/a	Mar 2003	12,000	12,632
9 Help Street	100%	10.00%	Jun 2004	39,500	39,500
Orion Regional Shopping Centre Site, Springfield	67%	17.50%	Jun 2003	40,000	30,390
Sub-total				**191,520**	**182,802**
Investments in associates and joint ventures					
JF Meridian Trust	15%				81,036
197 Salmon Street	50%				6,298
Old Wallgrove Road	50%				3,539
IPG Holdings Ltd[1]	15%				4,429
BAC Airports Pty Ltd[1]	33%				201
Australian Sustainable Investments Fund[2]	25%				5,079
Sub-total					**100,582**
Total JFT property assets					**283,384**
Other net assets					22,542
Audited book value of JFT net assets					**305,926**

Source: JFG annual report and independent valuations

Notes:

1 *The interests in IPG Holdings Limited and BAC Airports Pty Limited are held indirectly through JFT's 75% controlling interest in JFIYF (JFH holds the remaining 25%). These assets are periodically marked to market*

2 *ASIF launched in February 2004 (JFH holds the remaining 75%)*

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The majority of book values of the property assets held directly by JFT as at 30 June 2004 are based on independent valuations undertaken in the year ended 30 June 2004. We have conducted a review of the nine independent property valuation reports prepared by CB Richard Ellis, Ernst & Young, m3property and DTZ Australia. Based on our review, we have concluded that:

- the external property valuers are independent from JFT and its related entities based upon statements included in the valuation reports
- the reports were prepared by professionals who have sufficient qualifications and competence to provide an informed opinion of the fair market value of the assets
- the valuation methods used in all nine property valuations are not inappropriate and appear to have been correctly applied to estimate the fair market values of the assets
- the assumptions and valuation metrics used do not appear unreasonable or inappropriate for the purpose of estimating the fair market values of the assets.

JFT wholly owns eight of the nine directly held property assets. Of the remaining direct and indirectly held assets, JFT has varying ownership interests ranging between 15% and 67%. Based upon general market practice, we consider applying the pro-rata ownership share of the total property value, without any further adjustments or discounts, to be appropriate to value the partial interests in these properties.

Orion Regional Shopping Centre Site

The independent property valuation dated 13 June 2003, assessed the market value of the freehold property of the Orion Regional Shopping Centre Site to be $40 million, assuming that the "Development Management Agreement" awarded to JF Developments was in place and that there were committed major tenants.

Due to the relatively high risk nature of this development, we have not adjusted for any of the value over and above the book value. Any potential uplift in the value of the property as a consequence of the existing development project has been considered in the valuation of the property development business of JFH in Section 8.4.2.

JF Meridian Trust

The total market capitalisation of JF Meridian Trust as at 19 October 2004, on a minority interest basis, was $544.2 million. JFT currently holds approximately15% of JF Meridian Trust. The book value of $81 million at 30 June 2004 therefore appears reasonable.

8.4 Valuation of JFH

To estimate the value of JFH, we have aggregated the values estimated for each JFH business on a going concern basis. In particular:

- we have used the capitalisation of maintainable earnings method to value JFG's funds management and property services business, as:
    - there have been an adequate number of transactions involving publicly listed companies with operations sufficiently similar to those of JFG's funds management and property services businesses to provide meaningful analysis
    - there are no reliable long-term cashflow forecasts available, thus the discounted cashflow method is not appropriate

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- we have used the discounted cash flow method to value the property development business, as
  - o management have prepared detailed feasibility studies for a significant portion of the $1.5 billion property development projects
  - o the existing development projects have finite lives
  - o the business is in an early stage of development and is forecast to experience a significant growth in earnings
- we have used the net assets on a going concern basis method to value the property investments and other net assets owned by JFH.

8.4.1 Valuation of funds management business

We have used the capitalisation of future maintainable earnings to value the funds management business.

The capitalisation of future maintainable earnings method estimates fair market value by capitalising future earnings using an appropriate multiple. To value the funds management business using the capitalisation of future maintainable earnings requires the determination of the following:

- an estimate of future maintainable earnings
- an appropriate earnings multiple.

Our considerations on each of these are discussed separately below.

Future maintainable earnings

Future maintainable earnings represents the maintainable earnings that the existing operations could reasonably be expected to generate. We have selected earnings before interest, tax and amortisation ("EBITA") as an appropriate measure of earnings for the funds management business because earnings multiples based on EBITA are less sensitive to different financing structures, amortisation policies and effective tax rates. This allows a better comparison with earnings multiples of other companies.

We have estimated the future maintainable EBITA to be $9.8 million. In doing so we have:

- considered the growth of JFH's FUM balance from $338 million at 30 June 2002 to approximately $1.7 billion at 30 September 2004
- considered the forecast EBITA for the year ending 30 June 2005 as prepared by JFH management and discussed with them the key assumptions underlying the estimate
- had regard to JFH's distribution networks and strategic alliances, including:
  - o being the responsible entity of JFMT which access to 28,000 retail investors
  - o the recent acquisition of Property Funds Australia Limited and Domaine Property Funds Limited which provide JFH with a distribution network in Queensland and access to a niche market of small scale property developments in New South Wales
  - o the relationships with Leighton Holdings, GIC Real Estate of Singapore, Perpetual Asset Management Limited and others
- excluded distributions from equity interests held by JFH in investments that the business manages (eg. JFIYF), as the equity values of these investments have been considered in Section 8.4.4.

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Earnings multiple

We have estimated an appropriate earnings multiple to be in the range of 6 to 7 times EBITA.

In selecting this earnings multiple range we have considered prices achieved in mergers and acquisitions of comparable entities and businesses. Insufficient reliable information is available to estimate an earnings multiple based on share price trading as there is only one comparable listed entity undertaking property funds management.

Merger and acquisition multiples

The price achieved in mergers or acquisitions of comparable companies provides evidence of an appropriate earnings multiple for JFH's funds management business. The acquisition price of a company represents the market value of a controlling interest in that company.

We have compiled merger and acquisition multiples for transactions involving the acquisition of property funds management businesses, the acquisition of property funds management rights and internalisations of LPTs. We also examined, where possible, the implied percentage of FUM at which each transaction took place. These transactions are set out in Table 25.

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Table 25: Earnings multiples – mergers and acquisitions

Date	Company	Acquired by	Consideration ($m)	Funds under management ($m)	Historical EBITA multiple (times)	Implied percentage of FUM
Acquisition of property funds management businesses						
Feb-03	Tyndall Investments (Australia) Limited	James Fielding Holdings Limited	22.7	534	n.a.	4.3%
			Average		**n.a.**	**4.3%**
Internalisation of LPTs						
Aug 03	AMP Office Trust	Ronin Property Trust	31.0	1,550	5.5	2.0%
Apr 03	Grand Hotel Management Limited	Grand Hotel Group	1.4	537	n.a.	0.3%
Apr 03	Omni Leisure Operations Limited	Macquarie Leisure Management Limited	3.9[1]	66	n.a.	5.9%
Nov 02	Valad Funds Management Limited	Valad Property Group	35.6	597	n.a.	6.0%
Nov 01	James Fielding Holdings Limited	PA Property Trust	4.1	94	n.a.	4.4%
Nov 00	Westpac Property Trust Management	Westpac Property Trust (Investa)	29.0	1,023	8.9	2.8%
Oct 00	Christie Group	Homemaker Property Trust	10.5	239	4.3	4.4%
			Average		**6.2**	**3.7%**
Purchase of property fund management rights						
May 04	ICA Property Group	Valad Property Management	28.0	405	6.2	6.9%
Aug 03	AMP Shopping Centre Trust	Westfield Trust	0.0[2]	1,580	n.a.	0.0%
Jul 03	AMP Industrial Trust	Macquarie Goodman Management Limited	17.5	550	n.a.	3.2%
Jul 03	Principal Office Fund	Investa Property Trust	0.0[2]	1,856	n.a.	0.0%
Jun 03	AMP Diversified Trust	Stockland Limited	39.3	1,880	n.a.	2.1%
Apr 03	Colonial Industrial Trust	Macquarie Goodman Management Limited	18.7	465	n.a.	4.0%
Oct 02	Colonial First State Property Trust Group	Commonwealth Property Office Fund / Gandel Group	175.0[3]	1,824	n.a.	9.6%
			Average		**nmf**	**3.7%**
			Average (total)		**6.2**	**3.7%**

Source: SDC Platinum, Independent Expert's Reports

Notes:

1. *Macquarie Leisure Management Limited acquired the remaining 60% of Omni Leisure Operations Limited*
2. *No consideration was paid for the acquisition of management rights*
3. *Cash component of the acquisition which the market has inferred relates to the management rights of Colonial First State Property Trust Group's portfolio*

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General comments regarding the multiples are listed below:

- the range of historical EBITA multiples implied in comparable transactions was 4.3 times to 8.9 times, with an average of 6.2 times
- the majority of transactions involve the acquisition of non-listed entities or divisions of larger entities. The amount of relevant financial information available is therefore limited
- the prices paid will have been influenced by factors unique to the particular transaction, such as the complexity of services provided and whether the majority of the funds managed are wholesale or retail
- the only listed comparable company in Australia is Macquarie Goodman Management Limited. However, this company is much larger than the property funds management business of JFH, with disclosed funds under management of $5.3 billion at 30 June 2004. The company trades at an EBITA multiple of 20.1 times.

Selected multiple

In selecting an appropriate multiple to apply to the future maintainable earnings of the funds management business have considered the following:

- the majority of the EBITA multiples derived from comparable transactions and comparable companies are based on historical earnings. In general, forecast EBITA multiples are likely to be lower than historical EBITA multiples
- the EBITA multiples presented in the table are derived from the transfer of 100% of the entity in most cases and therefore may include a premium for control
- the current and forecast performance of the funds management sector. In particular, it is anticipated that there will be downward pressure on management fee structures due to increased competition. Economies of scale are therefore likely to become more important to improve efficiencies and maintain profit margins
- the underlying portfolio of products and assets managed by JFH's funds management businesses. In particular JFH undertakes a broad range of funds management activities across a variety of market segments
- the significant growth potential of JFH's funds management business beyond 2005, based upon the proven ability of the management team demonstrated by the historical growth in the FUM of JFH.

Taking into account these factors, we have selected a multiple of 6 to 7 times EBITA on a minority basis to value the funds management business.

Valuation: capitalisation of maintainable earnings

The estimated value of JFH's funds management business using the capitalisation of maintainable earnings method is summarised below.

Table 26: Summary – capitalisation of maintainable earnings method

		Low value	High value
Maintainable earnings	$'000	9,800	9,800
Earnings multiple	times	6	7
Enterprise value	**$'000**	**58,800**	**68,600**

Source: Deloitte analysis

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Implied percentage of FUM

To support the valuation derived under the capitalisation of maintainable earnings methodology, we have considered the value derived as a percentage of FUM and compared this percentage to those implied in comparable transactions in Australia, including:

- the acquisition of funds management businesses
- the purchase of property fund management rights
- recent internalisations of the property and funds management and responsible entity functions of LPTs.

A summary of the comparable transactions is set out in Table 25.

Prices paid in merger and acquisition transactions incorporate a premium for control. Furthermore, the prices paid in the identified comparable transactions were influenced by factors unique to the particular transaction and consequently may not provide an appropriate guide. These would likely include consideration of the underlying portfolio of assets managed (eg. wholesale, retail), the complexity of services of provided (eg. syndication, development activities) and the scale of the FUM.

Nevertheless, the range of percentages implied by the valuation estimated using the capitalisation of maintainable earnings methodology of 3.4% to 4.0% (on a minority basis) is not inconsistent with the range of percentages paid in these transactions.

8.4.2 Valuation of property development business

We have used the discounted cash flow method to value the JFG property development business, as:

- management has prepared detailed feasibility studies for the significant projects included in the $1.5 billion property development portfolio, being the developable land at Sydney Basin Airports at Bankstown and Hoxton Park, the Orion Town Centre in Queensland and the Australian Centre for LifeLong Learning in Queensland, which include forecast cash flows and/or profit forecasts
- the development projects have finite lives
- the capitalisation of maintainable earnings method is not appropriate as it is difficult to determine maintainable earnings due to:
  - the irregular pattern of earnings
  - the difficulties in forecasting potential future developments.

The discounted cash flow method

The discounted cash flow method estimates market value by discounting future cash flows to their net present value. To value the property development business using the discounted cash flow method requires the determination of the following:

- future cash flows
- an appropriate discount rate to be applied to the cash flows.

Our considerations on each of these factors are presented below.

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Future cash flows

As part of their normal internal evaluation process, the management of JFH has prepared detailed feasibility studies for the major development projects included in the $1.5 billion property development portfolio. The feasibility studies include projections of nominal after tax cash flows by individual project over the life of those projects. The property development portfolio at 30 September 2004 is summarised in Table 27.

Table 27: JFG development pipeline

Project	Estimated end value ($m)
Sydney Basin Airports	500
Springfield (ORION) Stage 2+	360
Australian Centre for LifeLong Learning	175
Springfield (ORION) Stage 1	162
Lorimer Street, Port Melbourne	100
Marcus Clark Street, Canberra	67
191-197 Salmon Street, Port Melbourne	50
Network @ Eastern Creek	50
251 and 261 Salmon Street, Port Melbourne	25
Other	18[1]
Total	**1,507**

Source: Mirvac and JFG investor presentation dated 12 October 2004

Notes:

1 Includes assets managed on behalf of JF Meridian Trust. Value to JFG is based on its 15% equity interest in JF Meridian Trust

We have undertaken an analysis of the projected cash flows arising from the existing development portfolio including:

- analysing the feasibility studies prepared by JFG management, including limited procedures regarding the mathematical accuracy of the model
- reviewing the reasonableness of assumptions contained in the feasibility studies
- discussion of the key assumptions and the associated risks of each major project with management.

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In addition we have:

- considered the reported profit margins of comparable property development companies and compared these to those anticipated in the feasibility studies
- taken into account total development inventories of $37.2 million as at 30 June 2004
- considered the cost and market value of the underlying land and property at 30 June 2004
- considered the risk profile of the developments on a project-by-project basis
- considered JFG's equity interests in the projects and its entitlement to the cash flows
- considered developments that JFG is presently committed to only, on the basis that a potential acquirer is unlikely to pay a significant amount for any future uncommitted development pipeline
- assumed annual management fees of approximately $1.0 million per year over the period, which includes time costs of senior management
- considered forecast employee costs over the projection period
- assumed a constant tax rate of 30%.

We have not undertaken a review of the feasibility studies in accordance with AUS 804 – The Audit of Prospective Financial Information and do not express an opinion on the reasonableness of the assumptions or their achievability.

Discount rates

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal after tax discount rate of between 15.0% and 20.0% to discount the future cash flows of the property development business to their present value.

In selecting this range we have considered the following:

- *JFG's weighted cost of debt at 30 June 2004:* 7.1%
- *JFG's current level of financial gearing:* the current gearing is 25.8%, based on JFG's statement of financial position at 30 June 2004
- *size premium*: the enterprise value of the property development business is significantly less than the enterprise values of several of the comparable companies. Several research studies indicate that smaller companies have higher rates of return than larger companies
- *early stage of development:* JFH's property development business is in an early stage of development. Substantial expansion of its operations is planned. For this reason, JFH is likely to be more exposed to a number of risks than more mature companies
- *limited history:* the business has been in existence for less than three years and there is therefore, limited historical financial information available
- *other specific business and financing risks:* JFH is exposed to a number of variables which may not be reflected in the feasibility studies. This increases the uncertainty concerning the timing and quantum of cash flow and ultimately the value of the property development business. These factors include the following:
    - many of the projects are to be completed over a significant number of years, increasing exposure to unforseen variables such as delays in the completion of the development projects
    - JFH bearing the risk of unanticipated increases in development and/or construction costs

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- o exposure to significant regulatory and zoning requirements, including development approvals
- o movements in property yields arising on changes in economic conditions and fluctuations in the property sector, impacting the profitability of projects where the fee is based on the valuation of the completed property.

Valuation: discounted cash flow method

After consideration of the above, we have estimated the fair market value of JFG's property development business to be in the range of $88 million to $102 million.

8.4.3 Valuation of property services business

We have used the capitalisation of future maintainable earnings method to value the JFG property services business on a minority interest basis, as:

- there are an adequate number of publicly listed companies with operations sufficiently similar to provide a meaningful analysis
- there are no reliable long-term cash flow forecasts available, thus it is not possible to use the discounted cash flow method.

Future maintainable earnings

We have selected EBIT as the most appropriate measure of earnings for JFG's property services business. We have considered historical earnings and management's expectations of future earnings to determine a maintainable level of EBIT.

The property services business has been operating since the inception of JFG in November 2001. During the period from commencement to 30 June 2004 significant expenditure has been incurred in establishing sufficient infrastructure to support the business. This has resulted in operating losses in the division in the corresponding period. However, the operating losses have reduced significantly each year due to the increasing scale of operations and associated revenues. It is anticipated that the business will generate a small operating profit in the 2005 financial year, with further growth beyond that date.

After discussions with management and consideration of the growth profile of the business we have selected a maintainable EBIT of $250,000 for the property services business.

Earnings multiple

Having considered the risks and rewards of JFG's property services business, the multiples of comparable listed entities and the relative size of the business compared to comparable entities, we have selected a multiple of 8 to 10 times EBIT to apply to the business.

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Valuation: capitalisation of maintainable earnings method

The enterprise value of the property services business estimated using the capitalisation of maintainable earnings method is summarised in Table 28 below.

Table 28: Summary – capitalisation of maintainable earnings method

		Low value	High value
Maintainable EBIT	$'000	250	250
Selected multiple		8	10
Enterprise value	**$'000**	**2,000**	**2,500**

Source: Deloitte analysis

8.4.4 Valuation of JFH investments

We have used the net assets on a going concern basis method, to estimate the fair market value of JFH's investment assets.

We have assessed the fair market value of JFH's investment assets on a going concern basis by aggregating the fair market value of those assets. Accordingly, our assessment of the fair market value of these assets does not reflect any costs that would be incurred if the assets were disposed of in order to realise their value.

We have reviewed the statement of financial position of JFH at 30 June 2004 and have based our estimate of the fair market value of the investment assets on the book values of those assets. The majority of the assets have been stated at market value as at 30 June 2004, except for the fair market value adjustments as detailed below in Table 29.

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Table 29: JFH's investment portfolio

Property	JFH Interest %	Discount rate %	Valuation date	Independent Valuation Amount ($'000's)	Value ($'000's)
Property investments at 30 June 2004					
Equity investments					
107 Mount Street	100%	9.5%	June 2004	34,000	34,000
251-261 Salmon Street	100%	n.a.	June 2003	17,250	17,250
ASIF	75%		-	-	50,200[1]
Sub-total					**101,450**
Investments in associates and joint ventures					
Equity investments					
JFIYF	25%				6,900
Former Landmark syndicates					956
Other					1,013
Sub-total					**8,869**
Audited book value of investment portfolio					**110,319**
Fair market value adjustments:					
Less: Value attributable to minority interests					(5,079)
Less: Market value of interest rate hedges					(200)
Add: Increase in the underlying value of a 25% interest in JFIYF					1,000
Fair market value of net assets					**106,040**

Source: Deloitte analysis, Annual Report and independent valuations

Notes:

1 Relates to forestry land acquired during the year ended 30 June 2004

Value attributable to minority interests

At 30 June 2004, JFH held a controlling 75% interest in ASIF. For accounting purposes, 100% of the underlying assets of the fund were included in the NTA of JFH. We have deducted the value of JFT's interest in ASIF as this amount is reflected in the valuation of JFT in Section 8.3.

Market value adjustment for interest rate hedges

JFH has entered into interest rate hedges to ensure that the rate of interest payable on its debt is substantially fixed. We have adjusted the reported net asset position for the net fair market value of these interest rate swaps.

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Increase in the underlying value of JFIYF

Post 30 June 2004, the underlying net assets of JFIYF were marked to market, resulting in a net increase in the value of JFIYF of approximately $3.9 million. The $1 million adjustment reflects the uplift of JFH's 25% interest in JFIYF.

Market value of investments

The book values of the property assets held directly by JFH as at 30 June 2004 were based on independent valuations. The investment at 107 Mount Street was valued in June 2004 by Colliers International and the property at 251-261 Salmon Street was valued in June 2003 by Charter Keck Cramer. Based on our review of these valuation reports, we have concluded that:

- the external property valuers are independent from JFH and its related entities based upon statements included in the valuation reports
- the reports were prepared by professionals who have sufficient qualifications and competence to provide an informed opinion of the fair market value of the assets
- the valuation methods used in the property valuations are not inappropriate and appear to have been correctly applied to determine the fair market values of the assets
- the assumptions and valuation metrics used do not appear unreasonable or inappropriate for the purpose of estimating the fair market values of the assets.

The ASIF land was acquired in April 2004, hence we have made no adjustment to its book value.

8.4.5 Other net assets

In addition to the investment assets identified in Section 8.4.4 and the assets and liabilities specific to the businesses of funds management, property development and property services, we have identified other assets and liabilities in JFH's statement of financial position at 30 June 2004. After discussions with management, we have assumed that the fair market value of these assets are equal to their book values, of $9 million.

Tax losses

Due to the uncertainty surrounding the ability of JFH to utilise carried forward tax losses, we have not attributed any value to the $30 million tax losses available at 30 June 2004.

8.4.6 Corporate overheads

JFH has advised that it anticipates incurring corporate overheads of $3.4 million after tax in the financial year ending 30 June 2005. These costs include administrative overheads, such as directors' fees, salaries and wages and listing costs, in addition to costs associated with providing centralised functions of JFG.

The net present value of these corporate overheads has been estimated to be in the range of $34.0 million to $37.8 million. This range has been estimated by capitalising the forecast $3.4 million corporate overheads in the 2005 financial year using JFG's weighted average cost of capital of 9% to 10%.

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8.4.7 Net debt

JFH's net debt has been estimated as follows:

Table 30: JFH - net debt

	$'000
Non-current interest bearing liabilities as at 30 June 2004	(169,215)
Cash as at 30 June 2004	22,219
Exercise of employee options	16,548
Employee share plan	3,078
Net debt	**(127,370)**

Source: JFG Annual report, Deloitte analysis

Cash balance

At 30 June 2004, JFH had $22.2 million in cash. Based on discussions with management, we believe that this cash balance is not required for working capital purposes, as the company generates sufficient cash flows in the ordinary course of business to meet general working capital requirements.

Employee option plan and employee share plan

EOP

JFG has the following options over ordinary securities on issue at the date of this report:

Table 31: JFG – employee options

Grant date	Vesting period	Expiry date	Exercise price $	Number of options	Consideration $'000
7 November 2001	2 years	7 November 2011	2.36	900,000	2,124
8 August 2002	2 years	8 August 2007	2.92	4,940,000	14,424
Total				**5,840,000**	**16,548**

Source: JFG Annual report

ESP

Subsequent to 30 June 2004, JFG issued an additional one million securities under the ESP, raising additional equity capital of $3.1 million. This comprised 600,000 securities issued to employees in August 2004 at a price of $2.91 per security and a further 400,000 securities issued to executives in late October 2004 at a price of $3.33 per security.

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Loans

Pursuant to the Schemes, Mirvac has agreed to provide each holder of JFG options and securities under the respective EOP and ESP with the following interest free loans:

- a loan equal to the exercise price for all JFG options
- a loan equal to any tax liability which arises as a result of the JFG options being exercised before the court approval date
- a loan to pay the amount owing for securities issued to executives under the ESP.

The maximum amount of all loans to be made by Mirvac in respect of the issue of JFG securities under the EOP and ESP is $19.6 million (this excludes loans provided for any related tax liability). All existing JFG options are ‘in-the-money’ and have vested. We understand that all option holders have undertaken to exercise the options currently held, should the Schemes proceed. Accordingly, JFG’s cash balance is expected to increase by $16.5 million.

8.5 Control premium

Values based on earnings multiples derived from share market trading and the market value of individual assets do not reflect the market value for control of an entity.

The following factors have been taken into consideration in determining an appropriate premium for control for JFG:

- control premiums implied in recent merger and acquisition activity within the LPT sector have ranged between 9.8% and 26.8%. The average control premium was 14.0%. A summary of these transactions is set out in Table 32. We are of the opinion that these transactions are relevant as the majority of JFG’s current earnings and a significant proportion of its assets relate to its property investments
- the premiums to NTA paid in recent acquisitions. The average premium to NTA was 21.3%. The majority of the value of JFG comprises the value of its property investments so we consider it appropriate to have regard to premiums to NTA
- the costs of acquiring a comparable portfolio of direct investments, in particular the associated stamp duty costs, would be considerably higher than the values currently ascribed to these assets
- the potential increase in the value of JFT’s underlying property portfolio in excess of the value included in the JFT net asset value based on the property valuations included in the audited financial statements as at 30 June 2004
- applying the discounted cash flow methodology to JFH’s property development business
- the discounted cash flow analysis in respect of the property development business was applied only to cash flows arising from committed projects and did not ascribe any value to early stage projects or other projects which may be secured in the future
- general investor sentiment towards holding securities in entities in the property sector, which is heavily influenced by the expected distribution yields as well as the value of the underlying assets
- the ability of the JFG management team to enhance the value of JFG.

Based on these considerations, we believe a premium for control in the range of 15% to 20% is appropriate for JFG.

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Premiums paid in recent LPT acquisitions

A premium over the value of a traded minority interest normally attaches to the value of a controlling interest in an entity due to the potential economic benefits associated with control. The premiums to the average security price for the month prior to the market having knowledge of recent comparable transactions are summarised below.

Table 32: Premiums implied by transactions

Transaction	Date	Transaction value ($m)	Premium to NTA[1]	Premium to security price[1,2]
Multiplex Group acquisition offer for Ronin Property Group	Sept 2004	1,341	29.5%	10.9%
Macquarie Office Trust acquisition of Principal America Office Trust	July 2004	857	32.7%	12.6%
Centro Property Group merger with Prime Retail Group	July 2004	414	14.0%	9.9%
Westfield Holdings Ltd acquisition of Westfield America Trust	July 2004	8,344	29.7%	12.8%
Westfield Holdings Ltd acquisition of Westfield Trust	July 2004	9,468	29.9%	13.8%
Stockland acquisition of AMP Diversified Trust	July 2003	1,579	20.8%	15.5%
Investa acquisition of Principal Office Fund	July 2003	1,482	2.2%	14.1%
Macquarie Goodman Industrial Trust acquisition of AMP Industrial Trust	July 2003	457	27.0%	9.8%
Westfield Trust acquisition of AMP Shopping Centre Trust	May 2003	1,439	21.8%	26.8%
Macquarie Goodman Industrial Trust acquisition of CFS Industrial Trust	April 2003	500	5.3%	n/a
Average			**21.3%**	**14.0%**

Source: Deloitte analysis

Notes

1 *Premiums based on mid-point of the value of consideration assessed by independent experts*

2 *Premium to unit price based on volume weighted average unit price for the month prior to announcement of the offer*

Premiums are influenced by the size and nature of the portfolios, potential savings, synergistic benefits and development opportunities that may accrue to the acquirer.

8.6 Analysis of recent trading in JFG securities

The share market can provide strong evidence of the fair market value of a listed entity, on a minority basis, where the market is well informed and there is sufficient liquidity in trading volumes. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities.

Although JFG is a relatively illiquid stock, it is analysed by a number of major stockbroking analysts. Accordingly, we believe that the traded security price prior to the announcement of the Schemes is likely to provide some indication of the fair market value of a JFG security, on a minority basis.

JFG's security price history is discussed in Section 4. A summary of the recent volume weighted average prices ("VWAP") for JFG securities is shown in Table 33.

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Table 33: JFG security price trading

	Security price ($)
Closing price as at 12 October 2004 (the day of the trading halt and the announcement of the Schemes[1])	3.12
Closing price as at 13 October 2004 (the day of the recommencement of trading[2])	3.35
VWAP for quarters ended	
March 2003	3.26
June 2003	3.19
September 2003	2.91
December 2003	2.79
March 2004	2.84
June 2004	2.80
September 2004	2.89
VWAP 1 October 2004 to 12 October 2004	3.06
VWAP 13 October 2004 to 19 October 2004	3.32

Source: Bloomberg

Notes

1 Details of the Schemes were announced after the close of trade on 12 October 2004

2 Trading in JFG securities recommenced on 13 October 2004

Conclusion on recent trading in JFG securities

In Section 8.1 we estimated the fair market value of a JFG security to be $3.06 to $3.42 on a control basis. The midpoint of this range represents an 11% premium to the weighted average price for the period 1 July 2004 to 12 October 2004 of $2.92 per security. These trading prices reflect the value of a minority interest, whereas the securities in JFG have been valued on a control basis. Although this premium might appear at the lower end of what one would anticipate, the VWAP may incorporate factors such as:

- market speculation following the increased merger and acquisition activity in the LPT sector and the expectation that this consolidation is likely to continue
- positive market sentiment that JFG will continue to deliver its property developments on time and in budget
- building in an allowance for the accrued distributions to date of approximately 6 cents per JFG security.

8.7 Summary of valuation methods and conclusion

We have estimated the value of a JFG security on a control basis to be in the range of $3.06 to $3.42 using a sum of the parts approach. We have also had regard to the prices implied by recent trading in JFG securities which we believe have been influenced by factors such as market speculation of continuing merger and acquisition activity in the sector. We have concluded that the fair market value of a JFG security is in the range of $3.06 to $3.42 on a control basis.

8.8 Other considerations

We are not aware of any alternative offers for JFG.

9 Valuation of the Proposed Merged Entity

9.1 Introduction

In this section we have estimated the fair market value of the securities in the Proposed Merged Entity. This valuation has been performed on a minority interest basis because JFG Securityholders will become holders of minority interests in the Proposed Merged Entity if the Schemes proceed.

Our valuation of securities in the Proposed Merged Entity has been based on the following:

- an analysis of recent trading in Mirvac securities
- a sum-of-the-parts valuation of the Proposed Merged Entity, aggregating the estimated fair market values of Mirvac and JFG.

These are set out separately in Sections 9.2 and 9.3 below.

9.2 Analysis of recent trading in Mirvac securities

9.2.1 Basis of assessment

The decision to hold or sell Mirvac securities is an investment decision which holders of JFG securities (and holders of Mirvac securities) will have to make if the Schemes are approved. This is a separate decision to the decision whether to vote in favour of the Schemes. This report has not been prepared to assist holders of JFG securities (or holders of Mirvac securities) in deciding whether to hold or sell securities in the Proposed Merged Entity if the Schemes are approved.

Due to the information available to market participants regarding Mirvac, we believe that the current market price of Mirvac securities provides good evidence of the price at which securities in the Proposed Merged Entity would trade immediately after the completion of the Schemes. Accordingly we have used an analysis of recent trading in Mirvac securities to estimate the fair market value of securities in the Proposed Merged Entity.

If the Schemes are approved, the Mirvac securities issued to holders of JFG securities will effectively be securities in the Proposed Merged Entity comprising JFG and Mirvac. Movements in the price of Mirvac securities since the announcement of the Schemes will incorporate the market's view of the prospects of the Proposed Merged Entity, to the extent that market participants expect the Schemes to succeed.

The market price of Mirvac securities has fluctuated in response to factors such as the release of financial reports and analysts' earnings forecasts, changes in the market's sentiment to the property industry and overall share market movements. The market price of Mirvac securities will continue to fluctuate in response to these factors. However as we are providing an estimate of the current value of securities in the Proposed Merged Entity, our analysis has been limited to consideration of the price of Mirvac securities in recent trading on the ASX.

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9.2.2 Factors impacting recent trading in Mirvac securities

The following information will have influenced the value of a Mirvac Security:

- the Schemes were announced on 12 October 2004, and various analyst and investor presentations were made providing information on the Proposed Merged Entity
- Mirvac released its annual report for the year ended 30 June 2004 on 31 August 2004, providing the market with details of its recent financial performance
- on 19 August 2004, Mirvac provided the market with preliminary financial accounts for the year ended 30 June 2004 and an update of its activities in an investor presentation
- a number of equities analysts regularly issue reports on Mirvac, with eight providing earnings estimates for 2005 and 2006
- there is a liquid market for Mirvac securities, with an average weekly volume of 12 million securities over the three months ended 11 October 2004. This is equivalent to 1.8% of the total Mirvac securities on issue traded every week.

Accordingly, it is reasonable to assume that the share market price after 12 October 2004 represents an objective assessment of the value of a Mirvac security on a post-Schemes basis.

9.2.3 Recent share market trading

The Schemes were announced on 12 October 2004. From 13 October 2004 to 9 November 2004, Mirvac securities have traded in a range of $4.47 to $4.62.

9.2.4 Valuation of the Proposed Merged Entity based on an analysis of recent trading in Mirvac securities

Based on the above analysis, we consider that the fair market value of a security in the Proposed Merged Entity to be $4.45 to $4.60.

9.3 Sum-of-the-parts valuation of the Proposed Merged Entity

9.3.1 Basis of assessment

Our sum-of-the-parts valuation of the Proposed Merged Entity aggregates the estimated fair market values of Mirvac and JFG.

9.3.2 Valuation of JFG

In Section 8 we have estimated the fair market value of JFG to be $459 million to $513 million on a control basis.

We do not believe that the control premium included in the valuation of JFG should be excluded from our valuation as the Proposed Merged Entity will obtain synergy benefits from acquiring JFG, including:

- possible improvement in revenues resulting from owning an enlarged investment portfolio
- reduced corporate listing and compliance costs
- reduced corporate costs
- greater funding flexibility and a reduction in the average cost of capital
- other unidentified cost and revenue synergies.

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9.3.3 Valuation of Mirvac

We provide below our assessment of the value of the three principal businesses of Mirvac:

- property investment business
- property development business
- hotels business.

Property investment business

We have assessed the fair market value of the property investment business of Mirvac by excluding assets and liabilities associated with the residential development and hotels businesses from the aggregated fair market value of Mirvac's assets and liabilities.

Mirvac's assets and liabilities

Our assessment of Mirvac's net assets is based on Mirvac's annual report for the year ended 30 June 2004, adjusted to reflect the impact of any property acquisitions and disposals subsequent to 30 June 2004.

Mirvac's net asset position, excluding its property development and hotels businesses, is set out in the following table. The net asset value includes all assets and liabilities relating to its property investment business and those relating to general group corporate activities.

Table 34: Mirvac's property investment business

	Low value $ million	High value $ million
Net assets of Mirvac[1]	2,240	2,240
Less assets and liabilities relating to property development business[1]	(267)	(267)
Less assets and liabilities relating to hotels business[1]	(144)	(144)
	1,829	1,829
Trading premium for property portfolio (0% to 5%)	-	92
Estimated fair market value of property investment business	**1,829**	**1,921**

Source: Deloitte analysis

Notes:

1 Book value as at 30 June 2004

The assets of the property investment business includes the book values of properties located in Moverly Road, Coogee and Lavender Street, Milsons Point, which are intended for conversion into residential homes in the future, but are currently considered investment properties.

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James Fielding Group – 12 November 2004

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Property acquisitions and disposals subsequent to 30 June 2004

We have identified the following transactions, excluding those relating to Mirvac's property development or hotels businesses, which occurred subsequent to 30 June 2004:

- Mirvac completed the purchase of an industrial site at Prestons, Sydney, for $22.0 million, on 3 August 2004
- Mirvac announced the purchase of the Bundaberg Plaza Shopping Centre in Bundaberg, Queensland, for $6.075 million, on 7 September 2004.

We have assumed that these acquisitions were made at fair market values and so do not have an impact on the fair market value of the net assets of Mirvac at 30 June 2004.

Trading premium for property portfolio

There is some evidence that LPTs trade at a premium to their net asset position, reflecting a variety of factors, including any unrecognised value in the investment property portfolio since the most recent valuation date and the costs such as stamp duty that would be incurred to replicate that portfolio. We have applied a premium in the range of 0% and 5% of the net assets of Mirvac's property investment business to reflect this premium.

We have selected this range as the market evidence indicates that whilst some businesses attract a premium to net asset value, there are other businesses which are not awarded any premium by the market.

Valuation

Based on the above analysis we have assessed the fair market value of Mirvac, excluding the residential development and hotels businesses, to be in the range of $1,829 million to $1,921 million.

Property development business

We have valued Mirvac's property development business using the capitalisation of maintainable earnings method, which estimates fair market value by capitalising maintainable earnings using an appropriate multiple and adding any surplus or non-operating assets. We did not consider the discounted cash flow approach to be feasible as cash flow forecasts were not made available.

Maintainable earnings

Maintainable earnings represents the earnings that the existing operations could reasonably be expected to generate in the future. We have selected EBIT as an appropriate measure of earnings for Mirvac's property development business, because earnings multiples based on EBIT are less sensitive to different financing structures and effective tax rates than multiples based on net profit after tax ("NPAT"). This allows a better comparison with earnings multiples of other companies.

We have estimated maintainable EBIT to be $220 million, based on the following:

- Mirvac's property development business generated EBIT of $220 million during the year ended 30 June 2004. In the years ended 30 June 2002 and 30 June 2003, the business generated EBIT of $108 million and $181 million respectively. The growth in the business has been a result of an increase in the number of properties sold
- we have been unable to identify reliable consensus EBIT forecasts for the development business. The selection of the 2004 EBIT as a guide to maintainable earnings is consistent with the general view of analysts that earnings prospects are relatively stable for this business

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- consensus EBIT forecasts for Mirvac for the year ending 30 June 2005 suggest growth of approximately 4%. As the EBIT generated by the property investment business is unlikely to show significant growth, this may indicate that analysts believe that the property development business will maintain its historical earnings
- Mr Bob Hamilton recently said, *"Whilst there has been a slowing in the apartment markets of Victoria and New South Wales, the Western Australian and Queensland markets, as well as our housing operations in all states, are still performing consistently. Current indications are that this will remain the case for the coming year, although it is still very early in the year and there are many variables."*
- as at 30 June 2004, Mirvac had 19,250 lots under control, which it considered to be equivalent to $8.3 billion of revenue (at current prices) over the next ten years. Accordingly, the availability of development sites is unlikely to be a significant constraint in the near term.

Earnings multiple

The share market valuation of listed companies provides evidence of an appropriate earnings multiple for Mirvac's property development business. The share price of a listed company represents the market value of a minority interest in that company.

We have compiled share market trading multiples for companies comparable to Mirvac's property development business. These companies, together with their earnings multiples, are summarised in the following table.

Table 35: Earnings multiples – share market trading

Company	Latest year end	Enterprise value $m	EBIT times 2004	EBIT times 2005	EBIT times 2006
Australand Property Group	31 December 2003	2,099	12.5	9.8	9.3
AV Jennings Homes Limited	31 March 2004	491	5.0	n/a	n/a
Cedar Woods Properties Limited	30 June 2004	130	8.2	n/a	n/a
Central Equity Limited	30 June 2004	217	4.5	n/a	n/a
Devine Limited	30 June 2004	253	6.7	n/a	n/a
Peet and Co Limited	30 June 2004	590	14.1	13.0	11.7
Stockland	20 June 2004	8,782	16.6	14.6	13.8
Sunland Group Limited	30 June 2004	496	5.7	n/a	n/a
Villa World Limited	30 June 2004	292	6.7	n/a	n/a
Average			**8.9**	**12.5**	**11.6**

Source: Bloomberg, IBES Earnings Estimates

Descriptions of the above companies are provided at Appendix 3.

General comments regarding the multiples, together with the historical growth, margins and operations of the above companies, are listed below:

- enterprise values were calculated by summing the total of the net borrowings at each company's most recent reporting date and the market capitalisation at 19 October 2004. EBIT figures for 2004 were obtained from annual reports
- EBIT estimates were obtained from Bloomberg earnings estimates, where available

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- with the exception of Australand and Stockland, the comparable companies are considerably smaller than Mirvac. In general, larger companies have higher earnings multiples than smaller companies
- compared with Mirvac's property development business, Central Equity Limited and Sunland Group Limited focus more on high density residential apartment developments. This segment of the market is considered more susceptible to a market downturn than lower density developments and this is reflected in lower EBIT multiples for these two companies
- during the year ended 30 June 2004, Peet and Co Limited derived over half of its earnings from land syndication. The generation of ongoing fees is likely to lead to more stable earnings over time and therefore lower risk
- Australand is more diversified than most of the other listed peer group companies, with an investment portfolio comprising commercial and industrial properties with a book value of $374 million as at 30 June 2004. Australand has stated its intention to reduce dependence on development profits by increasing the size of its investment portfolio. Profits generated from property investment are likely to be associated with less risk than those generated from residential development and this is reflected in Australand trading at a relatively high EBIT multiple
- Stockland is also a diversified property company. In the year ended 30 June 2004, only 30% of Stockland's EBIT was generated from property development activities
- Mirvac has a strong brand name in residential developments, which would typically be reflected in a relatively higher multiple.

Taking into account these factors, we have selected a multiple of 9.0 to 10.0 times EBIT to apply to Mirvac's property development business.

Net debt of property development business

Given the significant overlap between Mirvac Property Trust and Mirvac's property investment business, we have assumed that the net debt of $450 million included in the statement of financial position of Mirvac Property Trust as at 30 June 2004 is representative of the net debt relating to Mirvac's property investment business. We have assumed that the remainder of the net debt of Mirvac, being $872 million, relates to its property development business. This is consistent with the interest allocation between Mirvac's property investment and property development businesses in the annual report of Mirvac for the year ended 30 June 2004.

Valuation

The value of Mirvac's property development business, estimated using the capitalisation of maintainable earnings method is summarised below. We did not identify any surplus or non-operating assets owned by the business.

Table 36: Summary – capitalisation of maintainable earnings method

		Low value	High value
Maintainable earnings	$ million	220	220
Earnings multiple	times	9.0	10.0
Enterprise value	**$ million**	**1,980**	**2,200**
Less net debt	$ million	(872)	(872)
Equity value	**$ million**	**1,108**	**1,328**

Source: Deloitte analysis (some numbers have been rounded in this table)

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Accordingly, we have estimated the equity value of Mirvac's property development business to be in the range of $1,108 million to $1,328 million, on a minority interest basis.

Hotels business

We have valued Mirvac's hotels business using the capitalisation of maintainable earnings method.

Maintainable earnings

We have selected EBIT as an appropriate measure of earnings for Mirvac's hotels business. In the years ended 30 June 2004, 2003 and 2002, this business generated EBIT of $11.9 million, $12.3 million and $10.5 million respectively. The decline in EBIT in 2004 was attributed to pre-opening costs at three properties and as these are considered non-recurring, we do not consider the results for the year ended 30 June 2004 to be representative of the on-going business.

We have estimated maintainable EBIT to be $13.0 million, based on the historical EBIT generated by Mirvac's hotels business during the year ended 30 June 2003 and the underlying result of the business for the year ended 30 June 2004.

Earnings multiple

The share market valuation of listed companies provides evidence of an appropriate earnings multiple for Mirvac's hotels business.

We have compiled share market trading multiples for companies comparable to Mirvac's hotels business. These companies, together with their earnings multiples, are summarised in the following table.

Table 37: Earnings multiples – share market trading

Company	Latest year end	Enterprise value $million	EBIT times 2004	EBIT times 2005	EBIT times 2006
Thakral Holdings Group	30 June 2004	683	14.3	11.8	10.5
Grand Hotel Group	30 June 2004	478	17.7	16.1	14.7
Cypress Lakes Group Limited	30 June 2004	55	26.0	n.a.	n.a.
Sundowner Group	30 June 2004	47	16.3	n.a.	n.a.
Club Crocodile Holdings Ltd	30 June 2004	20	36.6	n.a.	n.a.
Average			**22.2**	**14.0**	**12.6**

Source: Bloomberg, IBES Earnings Estimates

Descriptions of the above companies are provided at Appendix 3.

General comments regarding the multiples, together with the historical growth and operations of the above companies, are listed below:

- enterprise values were calculated by summing the total of the net borrowings at each company's most recent reporting date and the market capitalisation at 19 October 2004
- EBIT estimates were obtained from Bloomberg earnings estimates, where available
- no earnings estimates were available for Cypress Lakes Group, Sundowner Group and Club Crocodile Holdings, which are smaller than Mirvac's hotel business
- Thakral Holdings Group and Grand Hotel Group principally invest in hotel property, in contrast to Mirvac's hotel business, which is weighted towards hotel management. The operations of both of these companies are larger than Mirvac's business. We would therefore expect these companies to trade at higher multiples than their competitors.

Taking into account these factors, we have selected a multiple of 11 to 12 times EBIT to apply to Mirvac's hotels business to estimate value on a minority interest basis.

Net debt of hotels business

We have assumed that there is no debt relating to Mirvac's hotels business. This is consistent with the interest charge allocated to the business in Mirvac's annual report for the year ended 30 June 2004.

Valuation

The value of Mirvac's hotels business estimated using the capitalisation of future maintainable earnings method is summarised below. We did not identify any surplus or non-operating assets owned by the business.

Table 38: Summary – capitalisation of future maintainable earnings method

		Low value	High value
Maintainable earnings	$ million	13	13
Earnings multiple	times	11	12
Enterprise value	**$ million**	**143**	**156**
Less net debt	$ million	-	-
Equity value	**$ million**	**143**	**156**

Source: Deloitte analysis

The net assets of Mirvac's hotels business per the annual report for the year ended 30 June 2004 amount to $144 million, which is consistent with the lower end of our valuation range.

9.3.4 Sum-of-the-parts valuation of the Proposed Merged Entity

Our valuation of the Proposed Merged Entity is set out in the table below.

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Table 39: Valuation of the Proposed Merged Entity on a sum-of-the-parts basis

	Section	Low value $ million	High value $ million
JFG equity value on a stand-alone basis	9.3.2	459	513
Mirvac			
- Property investment business	9.3.3	1,829	1,921
- Property development business	9.3.3	1,108	1,328
- Hotels business	9.3.3	143	156
Mirvac equity value		**3,080**	**3,405**
Estimated value of Proposed Merged Entity		**3,522**	**3,901**
Mirvac securities as at 26 October 2004		720	720
Mirvac securities to be issued pursuant to the Schemes		109	109
Estimated number of securities in the Proposed Merged Entity		**829**	**829**
Estimated value per Proposed Merged Entity security		**4.27**	**4.72**

Source: Deloitte analysis

Trading in Mirvac securities prior to the announcement of the Schemes and recent issues of Mirvac securities

The combined value of Mirvac's property investment, property development and hotels businesses can be referenced to the price at which Mirvac securities were trading prior to the announcement of the Schemes. The value attributed to Mirvac is $4.27 to $4.72 per Mirvac security on a minority basis.

Trading in the securities of Mirvac and JFG was halted on 12 October 2004 in advance of the announcement of the Schemes. From 12 August 2004 to 11 October 2004, Mirvac securities have traded in a range of $4.33 to $4.61. The volume weighted average price of Mirvac securities over the period was $4.48.

The trading range of Mirvac securities prior to the announcement of the Schemes falls within the selected value range per Mirvac security. Accordingly, this supports the total value attributed to the Mirvac businesses.

The most recent equity raisings undertaken by Mirvac are summarised below:

- Mirvac made placements with Merrill Lynch International (Australia) Ltd and JP Morgan Australia Ltd who underwrote the DRPs for the quarters ended 31 December 2003 and 31 March 2004 respectively. These Mirvac securities were issued at the same price as Mirvac securities issued under the respective DRPs, being $4.22 and $4.59
- institutional placement of approximately 50 million Mirvac securities at an issue price of $4.02 per Mirvac security on 18 February 2003.

These equity raisings also broadly support the total value attributed to the Mirvac businesses.

9.4 Conclusion

Our valuation of a security in the Proposed Merged Entity of $4.45 to $4.60 on a minority basis is supported by a valuation of the Proposed Merged Entity on a sum-of-the-parts basis of $4.27 to $4.72.

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10 Evaluation and conclusion

10.1 Background

In order to assess whether the Schemes are in the best interest of JFG Securityholders as a whole, we have had regard to the fairness and reasonableness of the Schemes, namely:

- assessed whether the Schemes are fair by estimating the fair market value of a JFG security and comparing that value to the estimated fair market value of the proposed consideration to be received by JFG Securityholders pursuant to the Schemes
- assessed the reasonableness of the Schemes by considering other advantages and disadvantages of the Schemes for JFG Securityholders.

10.2 Valuation of the proposed consideration

Under the terms of the Schemes, Mirvac is offering 0.73 Mirvac securities for every JFG security. JFG Securityholders can elect to receive some or all of their consideration in cash at $3.33 per JFG security. To the extent that the total requests for cash exceed $50 million, any cash consideration will be scaled back on a pro-rata basis.

We have valued a security in the Proposed Merged Entity at $4.45 to $4.60. Based on the offer ratio of 0.73 Mirvac securities for every JFG security, this equates to a consideration of $3.25 to $3.36 per JFG security. The mid-point of this range is $3.305 which is not materially different to the cash equivalent of $3.33 per JFG security.

10.3 Fairness

Our comparison of the fair market value of a JFG security on a control basis and the fair market value of the consideration offered to JFG Securityholders is shown in the table below:

Table 40: Fair market values of a JFG security and the consideration offered pursuant to the Schemes

	Section	Low value $	High value $
Value of a JFG security on a control basis	8.7	3.06	3.42
Value of consideration[1]	10.2	3.25	3.36

Source: Deloitte analysis

Notes:

1 Based on the value of a security in the Proposed Merged Entity of $4.45 to $4.60 as estimated in Section 9.4 and the ratio of 0.73 Proposed Merged Entity securities for every JFG security

The value of the consideration is within the range of the fair market value of a JFG security. Accordingly, in our opinion the Schemes are fair.

Reasonableness

In accordance with ASIC Policy Statement 75, an offer is reasonable if it is fair. On this basis, in our opinion, the Schemes are reasonable.

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Notwithstanding this conclusion, we have also considered the following factors, summarised in the table below, in assessing the reasonableness of the Schemes:

Table 41: Summary of reasonableness factors

Consideration	Strength of factor --	-	Neutral	+	++
Advantages					
Increased geographical and asset diversification					■
Expanded management team				■	
Increased liquidity and index weighting				■	
Increased access to capital markets				■	
Reduced cost of debt				■	
Increase in frequency of distributions				■	
Greater distributions for the six months ending 30 June 2005				■	
In the absence of the Schemes, JFG securities may trade below current levels				■	
Disadvantages					
Significant exposure to residential development		■			
Reduced exposure to potential upside from JFG projects		■			
Lower net tangible asset backing per security		■			
Higher gearing		■			
Other considerations					
Cash out facility is capped at $50 million			■		
Likelihood of alternative offers			■		
Earnings per security of the Proposed Merged Entity			■		
Taxation implications of the Schemes			■		
Particular circumstances of individual JFG Securityholders			■		

Source: Deloitte analysis

Key - - strong disadvantage; - disadvantage; + advantage; + + strong advantage

Notes

1 Readers should read the full description of each factor (as set out below) in conjunction with this table

Advantages of the Schemes

Increased geographical and asset diversification

If the Schemes are approved, JFG Securityholders who retain securities in the Proposed Merged Entity will have exposure to real estate investment assets with a book value of approximately $2.6 billion, compared to $254 million on a stand-alone basis. The property portfolio of the Proposed Merged Entity will consist of 66 assets (compared to 9 assets currently owned by JFG, providing further diversification, both geographically and across property sectors.

Expanded management team

Key executives from JFG, Greg Paramor and Nicholas Collishaw, will become senior executives in the Proposed Merged Entity. By incorporating members of the management teams from both Mirvac and JFG, the Proposed Merged Entity will have greater management depth.

Securities in the Proposed Merged Entity are likely to have increased liquidity and index weighting

The Proposed Merged Entity will be significantly larger than JFG. The increased market capitalisation of the Proposed Merged Entity and the enlarged securityholder base should provide increased liquidity and greater trading depth than that currently experienced by JFG Securityholders.

JFG and Mirvac had Index weightings of 0.64% and 4.96% respectively as at 14 October 2004. The likely weighting for the Proposed Merged Entity, would be approximately 5.60%. The increased weighting may increase demand for and consequently have a positive impact on the price of a stapled security in the Proposed Merged Entity.

Increased access to capital markets

The Proposed Merged Entity is likely to have improved access to capital, on more attractive terms, compared with JFG as a stand-alone entity.

Reduced cost of debt

The Proposed Merged Entity is likely to have access to a broader range of debt facilities compared with those currently available to JFG. This may lead to a lower cost of debt.

Increase in distribution frequency

JFG Securityholders currently receive distributions on a semi-annual basis. The Proposed Merged Entity will pay distributions on a quarterly basis, in line with Mirvac's existing distribution policy.

JFG Securityholders are likely to receive larger distributions for the six months ending 30 June 2005

JFG is forecasting a distribution of 12.25 cps for the six months ending 30 June 2005, being the period following the intended implementation date of the Schemes. Mirvac (and the Proposed Merged Entity) are forecasting two distributions of 8.60 cps for the quarters ending 31 March 2005 and 30 June 2005, totalling 17.20 cps. This is equivalent to 12.56 cps based on the offer ratio of 0.73 Mirvac securities for every JFG Security. Furthermore, Australian-based investors may benefit from the franked component of the Mirvac distribution, forecast to be 3.00 cps for the six months ending 30 June 2005.

In the absence of the Schemes JFG securities may trade below current levels

In the absence of the Schemes, it is likely that JFG securities would trade below the prices achieved since 12 October 2004, the day of the announcement of the Schemes. Since 13 October 2004 JFG securities have traded in the range of $3.26 to $3.37, compared to the volume weighted average trading price of $2.92 during the period 1 July 2004 to 11 October 2004.

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Disadvantages of the Schemes

The Proposed Merged Entity will have significant exposure to residential development

Under Mirvac's current business model, in addition to earning returns from property investment, approximately 46% of total income is generated through property development activities primarily in the residential sector in Australia and New Zealand. As discussed in Section 3.3 of this report, some forecasters are predicting a cyclical contraction in this sector over the next few years. This may reduce the future profitability of the Proposed Merged Entity.

Reduced exposure to potential upside from JFG projects

JFG Securityholders will have their exposure to the earnings from JFG's existing projects significantly diluted as those earnings will be shared by all securityholders in the Proposed Merged Entity. This could be mitigated to the extent that JFG Securityholders will participate in any earnings attributable to the existing Mirvac businesses.

The Proposed Merged Entity will have lower net tangible asset backing per security

The net tangible asset backing per JFG security was $2.41 at 30 June 2004. The pro forma net tangible asset backing per Proposed Merged Entity security is $3.16. If the Schemes are approved, JFG Securityholders will therefore receive 0.73 fully paid Mirvac securities with total net tangible asset backing of $2.31 per security, for every one JFG security currently held.

The decline in the NTA backing per equivalent JFG security may reflect the intangible components of value in the Proposed Merged Entity security. This additional value primarily reflects the goodwill associated with Mirvac's residential property development business.

The Proposed Merged Entity will have higher gearing than JFG

Based on the pro-forma statement of financial position, the Proposed Merged Entity will have gearing of approximately 36.2% (calculated as total interest-bearing liabilities divided by total assets). By comparison, JFG's gearing at 30 June 2004 was approximately 27.6%.

Other considerations

Cash out facility available to $50 million maximum

Under the terms of the Schemes, JFG Securityholders can elect to receive some or all of their consideration in cash. However to the extent that total requests for cash consideration exceed $50 million, the amounts paid out in cash will be scaled back such that they total $50 million.

Accordingly, JFG Securityholders requesting cash cannot be certain how much of their consideration will be received in cash and how much will be received in Proposed Merged Entity securities. JFG Securityholders who would prefer cash for their JFG securities are able to sell their JFG securities in the open market, or could sell their Proposed Merged Entity securities on the market if the Schemes are approved.

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Likelihood of alternative offers

Although there are no alternative offers at present, in light of recent takeover activity in the listed property sector, it is possible that an alternative offer may emerge.

Earnings per security of the Proposed Merged Entity

Mirvac and JFG have not provided forecasts for the Proposed Merged Entity for the year ending 30 June 2005, since Mirvac considers it too early to forecast the full year result. In addition, no estimate of the likely value of any synergies arising from the Schemes has been announced. Accordingly, it is not possible to conclude on the overall impact on EPS of the Proposed Merged Entity per equivalent JFG security.

Taxation implications of the Schemes

If the Schemes are approved, JFG Securityholders may incur a tax liability. JFG Securityholders should consult their tax advisers in relation to their personal circumstances. However, the following factors should be considered:

- rollover relief will not be available on any cash consideration paid to JFG Securityholders under the cash out facility or security sale facility
- the taxation report contained in the Explanatory Memorandum specifies that 100% capital gains tax rollover relief should be available to JFG Securityholders under the proposed acquisition
- in approving the Schemes and receiving securities in the Proposed Merged Entity in exchange for securities in JFG, JFG Securityholders will not incur stamp duty
- for JFG Securityholders who have received distributions from JFG, the cost base of their securities has been reduced by the tax deferred component of previous distributions, thereby increasing the capital gain on disposal for tax purposes.

Particular circumstances of individual JFG Securityholders

An individual JFG Securityholder's decision in relation to the Schemes may be influenced by his or her particular circumstances. We have considered the Schemes for JFG Securityholders as a whole. We have not considered the effect of the Schemes on the particular circumstances of individual JFG Securityholders nor have we considered their individual objectives, financial situation or needs. Due to their particular circumstances, individual JFG Securityholders may place different emphasis on various aspects of the Schemes from the one adopted in this report. Accordingly, individuals may reach different conclusions as to whether the Schemes are in their best interest.

Conclusion

Based on the foregoing, we are of the opinion that the Schemes are fair and reasonable and therefore in the best interest of JFG Securityholders.

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Appendix 1: Glossary

Reference	Definition
ABS	Australian Bureau of Statistics
AGAAP	Australian generally accepted accounting policies
ASIF	Australian Sustainable Investments Fund
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange Limited
AUS	Australian Auditing Standards
CBD	Central business districts
cps	Cents per security
Deloitte	Deloitte Corporate Finance Pty Limited
DRP	Distribution reinvestment plan
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EOP	Employee option plan
ESP	Employee share plan
Explanatory Memorandum	Explanatory Memorandum prepared by JFG containing the detailed terms of the Schemes
FHOG	First Home Owner Grant
FUM	Funds under management
GDP	Gross domestic product
GST	Goods and services tax
HCP	Hotel Capital Partners
IBISWorld	IBISWorld Pty Ltd
IFRS	International financial reporting standards
Index	S&P/ASX 200 Property Trust Index
IPG	International Parking Group
JF Capital	James Fielding Capital
JF Developments	James Fielding Developments
JF Direct	James Fielding Direct
JFG	James Fielding Group
JFG Securityholders	Holders of stapled securities in JFG
JFH	James Fielding Holdings Limited
JFI	James Fielding Infrastructure
JFIYF	James Fielding Infrastructure Yield Fund
JFMCF	James Fielding Mezzanine Capital Fund
JFMM	James Fielding Meridian Management
JFMT	JF Meridian Trust

Reference	Definition
JFPS	James Fielding Property Services Pty Limited
JFT	James Fielding Trust formerly known as "PA Property Trust"
Leighton Holdings	Leighton Holdings Limited
Leighton Properties	Leighton Properties (Vic) Pty Ltd
LPT	Listed property trust
Mirvac	Mirvac Group
Mirvac securityholders	Holders of stapled securities in Mirvac
n.a	Not applicable
Nmf	Not meaningful
NPAT	Net profit after tax
NTA	Net tangible assets
Part 3	Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwlth)
PFA	Property Funds Australia Limited
PJF	Perpetual James Fielding
Proposed Merged Entity	The entity to be formed from the merger of Mirvac and JFG pursuant to the Schemes
Retail Projects	Retail projects business of Mirvac which develops, identifies, acquires and adds value to retail assets to Mirvac Property Trust
SAT	Stadium Australia Trust
Schemes	the share scheme of arrangement and the unit scheme of arrangement, which together effect a merger between Mirvac and JFG
Section 411	Section 411 of the Corporations Act 2001
Section 640	Section 640 of the Corporations Act 2001
VWAP	Volume weighted average price

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Appendix 2: Mirvac property portfolio

A summary of each of the investment properties held by Mirvac as at 30 June 2004 is shown below.

Table 42: Mirvac investment properties

	Interest %	Book value 30/06/04 $000	Last external valuation $000	Date last external valuation	External valuer/notes
Mirvac Property Trust and controlled entities					
67 Albert Street, Chatswood, NSW	100%	73,107	69,500	30/06/02	D McGrath – FPD Savills
30 Cowper Street, Parramatta, NSW	100%	20,619	20,500	30/06/02	A Graham AAPI – Colliers International
Quay West Carpark, 111 Harrington Street, Sydney, NSW	100%	41,952	41,600	30/06/03	S Kearney AAPI – FPD Savills
Orange City Centre, Summer Street, Orange, NSW	100%	35,500	35,500	30/06/04	ID McLennan AAPI – Jones Lang LaSalle
Kawana Shoppingworld, Nicklin Way, Buddina, QLD	100%	140,349	140,000	30/06/03	T Irving AAPI – CB Richard Ellis D Mohr AAPI – CB Richard Ellis
Gippsland Centre, Cunninghame Street, Sale, VIC	100%	33,889	32,500	30/06/02	D Magree FAPI – M3 Property Strategies
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra, VIC	100%	117,662	115,000	30/06/02	P Grieve AAPI – CB Richard Ellis
James Ruse Business Park, 6 Boundary Road, Northmead, NSW	100%	27,780	27,100	30/06/02	K Kaymaz AAPI – Colliers International
20-30 Scrivener Street, Warwick Farm, NSW	100%	21,000	21,000	30/06/04	C Olson FAPI – Knight Frank
Lovett Tower, 13 Keltie Street, Woden, ACT	100%	46,026	46,000	31/12/03	P Harding FAPI – Knight Frank
The Marriott Hotel, 35 College Street, Sydney, NSW	100%	75,374	75,200	30/06/03	O Westerlund AAPI ANZPI – CB Richard Ellis S Fairfax MRICS AAPI – CB Richard Ellis
1-19 Hargrave Street, Sydney, NSW	100%	8,996	9,000	1/03/02	S Fairfax MRICS AAPI – CB Richard Ellis
40 Miller Street, North Sydney, NSW	100%	80,294	80,250	30/06/03	TM Phelan FAPI – Knight Frank
1 Castlereagh Street, Sydney, NSW	100%	54,683	54,500	30/06/03	S Kearney AAPI – FPD Savills
271 Lane Cove Road, North Ryde, NSW	100%	25,000	25,000	1/03/04	TM Phelan FAPI – Knight Frank
Royal Domain Centre, 380 St Kilda Road, Melbourne, VIC	100%	94,546	94,500	31/12/03	D Gowing FPI – CB Richard Ellis
164 Grey Street, South Bank, QLD	100%	9,475	9,500	1/03/02	T Irving AAPI – CB Richard Ellis D Mohr AAPI – CB Richard Ellis
Bay Centre, Cnr Pirrama & Edward Streets, Pyrmont, NSW	100%	73,500	73,500	30/04/03	S Kearney AAPI – FPD Savills
55 Lavender Street, Milsons Point, NSW	100%	0	59,500	1/03/02	TM Phelan FAPI – Knight Frank GA Thomson FAPI – Knight Frank
200 George Street, Sydney, NSW	100%	24,168	24,000	31/10/03	A Pannifex – FPD Savills

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	Interest %	Book value 30/06/04 $000	Last external valuation $000	Date last external valuation	External valuer/notes
190 George Street, Sydney, NSW	100%	42,113	42,000	30/09/03	A Pannifex – FPD Savills
Unit 23, 177 Pacific Highway, North Sydney, NSW	100%	594	-	-	Internal valuation 2004
Building 1, 3 & 7 Riverside Quay, Southbank, VIC	100%	82,847	80,000	30/06/02	M Reynolds AAPI – Colliers International
John Oxley Centre, 339 Coronation Drive, Milton, QLD	100%	35,860	35,300	30/06/02	T Irving AAPI – CB Richard Ellis D Mohr AAPI – CB Richard Ellis
Blacktown Mega Centa, Blacktown Road, Blacktown, NSW	100%	30,164	30,000	1/03/02	ID McLennan AAPI/JE Burdekin FAPI – Jones Lang LaSalle Advisory
1-47 Percival Road, Smithfield, NSW	100%	20,500	20,500	30/06/04	M Ward AAPI – FPD Savills
Waverley Gardens Shopping Centre, Cnr Police & Jackson Roads, Mulgrave, VIC	100%	53,852	53,850	30/04/03	C Ciurlino AAPI – M3 Property Strategists D Magree FAPI – M3 Property Strategists
The Village Centre, Charles Hackett Drive, St Marys, NSW	100%	34,725	34,250	30/04/03	S Fox AAPI – M3 Property Strategists C Olson FAPI – M3 Property Strategists
Mooney Ponds Central, Homer Street, Mooney Ponds, VIC	100%	24,172	24,100	30/06/03	J O'Leary FAPI – M3 Property Strategists D Magree FAPI – M3 Property Strategists
Hinkler Shopping Centre, Maryborough Street, Bundaberg, QLD	100%	36,632	36,500	30/09/03	T Irving AAPI – CB Richard Ellis D Mohr AAPI – CB Richard Ellis
44 Biloela Street, Villawood, NSW	100%	17,306	17,300	30/09/03	A Graham AAPI – Colliers International
Building 2, Riverside Quay, Southbank, VIC	100%	27,931	27,800	30/09/03	M Reynolds AAPI – Colliers International
Stanhope Village, Sentry Drive, Stanhope Gardens, NSW	100%	24,000	24,000	31/03/04	A Johnson AAPI – FPD Savills
333-343 Frankston-Dandenong Road & 4 Abbotts Road, Dandenong South, VIC	100%	12,200	12,200	31/03/04	P Dickinson AAPI – CB Richard Ellis
64 Biloela Street, Villawood, NSW	100%	22,000	22,000	31/03/04	M Ward AAPI – M3 Property Strategists
Ikon Retail, 81 Macleay Street, Potts Point, NSW	100%	12,733	-	-	Internal valuation 2004
IBM Building, 8 Brisbane Avenue, Barton, ACT	100%	10,851	10,650	30/06/02	P Harding FAPI – Knight Frank
Perpetual Trustees Building, 10 Rudd Street, Canberra, ACT	100%	15,773	15,750	30/06/03	P Harding FAPI – Knight Frank
54 Marcus Clarke Street, Canberra, ACT	100%	14,983	14,900	30/06/02	P Harding FAPI – Knight Frank
St George Centre, 60 Marcus Clarke Street, Canberra, ACT	100%	47,384	47,100	30/06/03	P Harding FAPI – Knight Frank
Burns Centre, 28 National Circuit, Forrest, ACT	100%	13,434	13,400	30/06/03	P Harding FAPI – Knight Frank
Arts House, 40 Macquarie Street, Barton, ACT	100%	16,771	16,750	30/06/02	P Harding FAPI – Knight Frank
38 Sydney Avenue, Forrest, ACT	100%	33,834	33,800	30/06/02	P Harding FAPI – Knight Frank
Optus Centre, 101-103 Miller Street, North Sydney, NSW	100%	381,913	377,000	30/06/03	TM Phelan FAPI – Knight Frank KL Goddard FAPI – Knight Frank

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	Interest %	Book value 30/06/04 $000	Last external valuation $000	Date last external valuation	External valuer/notes
The MetCentre, 60 Margaret Street, Sydney, NSW (50% interest)	50%	157,496	154,000	30/06/03	P Macadam AAPI – Colliers International
					W Doherty AAPI – Colliers International
Capital works in progress		36,071	-	-	At cost
Land held for development & deposit on investment property		47,183	-	-	At cost
Mirvac Limited and controlled entities					
Endeavour House, 88-102 Moverly Road, Coogee, NSW		82,083	-	-	Internal valuation 2004
55 Lavender Street, Milsons Point, NSW		60,606	60,600	31/03/04	TM Philan FAPI – Knight Frank
Other Hotel Properties		48,186	-	-	Internal valuation 2004
Elimination of inter-group charges		(2,145)			
Total investment properties		**2,445,972**			
Other assets of Mirvac		1,860,448			
Total liabilities of Mirvac		(2,066,343)			
Net assets of Mirvac as at 30 June 2004		**2,240,077**			

Source: Mirvac annual report to the year ended 30 June 2004

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Appendix 3: Comparable entities

Company descriptions in this section have been sourced from Bloomberg.

Companies comparable to JFG's property investment activities

General Property Trust

General Property Trust manages and invests in retail, office, industrial and hotel/tourism properties throughout Australia. The commercial property portfolio includes Riverside Centre in Brisbane and the MLC Centre in Sydney, while the retail properties include Charlestown Square and Penrith Plaza. General Property Trust's hotel/tourism property includes Ayers Rock Resort.

Investa Property Group

Investa Property Group invests and manages a portfolio that consists of commercial and office properties located throughout Australian capital cities. Investa is also involved in corporate property services, development management and property funds management.

ING Industrial Fund

ING Industrial Fund is a property trust which invests, leases and manages industrial distribution centres, office and warehouses in Sydney, Melbourne, Brisbane and Adelaide.

DB RREEF Trust

DB RREEF Trust is a property trust that manages and invests in a portfolio of diversified properties including office properties, industrial properties, retail shopping centres and car parks. DB RREEF Trust's properties are located in Australia, New Zealand and the United States.

Valad Property Group

Valad Property Group is a property investment and management group. The group's activities include passive property ownership, property investment and management of unlisted property funds. The group's portfolio largely consists of buildings in the CBDs of Melbourne, Perth and Sydney.

Thakral Holdings Group

Thakral Holdings Group invests in hotels and commercial properties throughout Australia. Thakral provides management services of hotels, retail centres and commercial properties. Thakral is also involved in the development and sale of residential land and buildings.

Stockland Limited

Stockland is a property trust which invests in and manages retail and commercial properties in Australia and New Zealand. The group also provides property development, management services, hotel management services and other related services including financing.

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Multiplex Group

Multiplex Group is an integrated property group with operations in construction, property development, facilities management and investment management in Australia, New Zealand, UK and the United Arab Emirates. The group also holds a portfolio of investment properties encompassing retail and commercial properties.

Westfield Group

Westfield Group is a property trust that invests in, leases and manages over 120 retail shopping centres in Australia, New Zealand, the United States and the United Kingdom. The group's operations also include funds and asset management, property development and construction.

Westfield Group offers property advisory services and also provides the management of property trusts, property development, funds management and property investments.

Centro Properties Group

Centro Properties Group is a property trust which owns, manages, invests in and develops retail and industrial properties throughout Australia. The company's portfolio includes The Glen, Mandurah Forum, Roselands, Bankstown Square and Karingal Hub.

Companies comparable to JFG's property development activities

FKP Ltd

FKP Ltd's activities include the development and construction of residential and commercial property, as well as land subdivision. FKP also develops and manages retirement villages and invests in and manages office and commercial properties along with providing funds management and other property services.

Central Equity Limited

Central Equity Limited operates in the property development and management industry. The company's property portfolio includes commercial properties, residential apartment complexes and townhouses.

Sunland Group Limited

Sunland Group Limited is a property development and construction company. The company's development sites include residential housing, apartments and hotels. The company is also involved in hotel investments and operations.

Finbar International Limited

Finbar International Limited is a property investment and development company. The company develops apartments, town houses, residential property and specialised commercial buildings in the Perth metropolitan area.

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Folkstone Limited

Folkstone Limited primarily develops industrial, commercial and retail properties in Australia. The company's projects include hotels, office buildings, car parks, shopping centres and warehouses. Folkstone Limited is also involved in minor residential developments, property investment and project management.

Lion Equities Ltd

Lion Equities Ltd operations include property development and construction. The company also provides commercial land and industrial real estate agency services.

Sabina Corporation Limited

Sabina Corporation Limited is involved in the management and development of property which includes commercial, restaurant, serviced apartments, industrial and special themed developments.

Companies comparable to JFG's property services activities

Programmed Maintenance Services Limited

Programmed Maintenance Services Limited provides property maintenance services to commercial painting maintenance services in Australia and New Zealand. The company also provides several outsourcing services including industrial plumbing maintenance, grounds management, landscape and horticultural services and engineering services.

Spotless Group Limited

Spotless Group Limited operates in the textile rental industry. Spotless supplies clothes hanger handling and display systems to retailers and garment manufactures globally. The company also manufactures and markets plastic moulded specialty products in Australia, New Zealand, Asia, Europe and the United States.

Tempo Services Limited

Tempo Services Limited provides various commercial manpower services including contract cleaning, courier and security services. The company also provides waste management and recycling services, courier services, and security services.

Transfield Services Limited

Transfield Services Limited provides outsourcing services in Australia and New Zealand, which covers structural, mechanical, instrumentation, civil and electrical maintenance. The group's customers operate within the power, rail, oil and gas, petrochemical, defence, water utility, telecommunication, and mineral processing sectors.

Integrated Group Limited

Integrated Group Limited provides recruitment services to a range of industry sectors throughout Australia. The company offers services to small businesses and to large, high-profile national companies, in respect to both casual and permanent staff. The company also provides maritime personnel, vessels and services primarily to the oil and gas industry.

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Servcorp Limited

Servcorp Limited leases entire floors of office buildings, which they then outfit to create between 40 to 70 individual offices (office suites) that are leased on either a long-term or short-term basis. The company has offices throughout South East Asia, Japan and Europe.

Companies comparable to Mirvac's property development activities

Australand Property Group

Australand Property Group is a residential land development and housing development company in Australia. The group's activities include the development of residential, integrated housing and land projects, large scale land properties and commercial/industrial properties and property investment.

AV Jennings Homes Limited

AV Jennings Homes Limited operates in the land development and housing sectors. The Company constructs residential houses in Australia along with residential land development.

Cedar Woods Properties Limited

Cedar Woods Properties Limited is a real estate development company for residential housing as well as industrial and commercial projects in Australia.

Central Equity Limited

Central Equity Limited operates in the property development and management industry. The company's property portfolio includes commercial and residential apartment complexes and town houses.

Devine Limited

Devine Limited provides residential property marketing and development and manufactures building supplies for the housing and construction industries. The company's housing products also include loan origination and securitisation.

Peet & Company Limited

Peet & Company Limited is a property development company that focuses on the residential housing sector. The company purchases, manages, develops and sells properties in Western Australia, Victoria, Queensland and New South Wales.

Stockland

Stockland is a property trust which invests and manages in retail and commercial properties in Australia and New Zealand. The group also provides property development and management services, hotel management services and other related services including financing.

Sunland Group Limited

Sunland Group Limited is a property development and construction company. The company's development sites include residential housing, apartments and hotels. The company is also involved in hotel investments and operations.

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Villa World Limited

Villa World Limited develops and resells residential land and/or buildings for the affordable home market in Queensland, New South Wales and Victoria. The company also develops and manages retirement villages in Queensland.

Companies comparable to Mirvac's hotels activities

Thakral Holdings Group

Thakral Holdings Group invests in hotels and commercial properties throughout Australia. Thakral provides management services of hotels, retail centres and commercial properties. Thakral also is involved in the development and sale of residential land and buildings.

Grand Hotel Group

Grand Hotel Group is comprised of the Grand Hotel Company Limited and Grand Hotel Trust. The group is a property trust that owns and operates hotels in Australia under the Hyatt, The Chifley and Country Comfort names.

Cypress Lakes Group Limited

Cypress Lakes Group Limited operates the Cypress Lakes Resorts in Pokolbin, New South Wales. The resort consists of a championship gold course, villa hotel accommodations, conference facilities, restaurants, bars, lounges and other sports and leisure facilities. Cypress also owns and operates a health retreat and health spa at the resort.

Sundowner Group

Sundowner Group operates three and four star motor inns in Australia. The motor inns are mainly located in the country and coastal areas of New South Wales, Victoria and Queensland.

Club Crocodile Holdings Limited

Club Crocodile Holdings Limited operates a resort at Airlie Beach and motels in Cairns and Brisbane. It operates a mainland resort, an island resort, river cruises, motel accommodations, hotels and hospitality training.

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Appendix 4: Summary of mergers and acquisitions

Table 43: Summary of mergers and acquisitions

Target	Acquirer(s)	Transaction date	Transaction value [1] ($m)	Premium to market capitalisation [2]	Premium to NTA	Consideration	Summary of key points to transaction
Ronin Property Trust Group	Multiplex Group Limited	Sept-04	1,341	10.9%	29.5%	Cash/Scrip	The offer, yet to be completed involved consideration of scrip and cash with an equivalent fair market value of $1.345 per Ronin security Acquisition of a premium and A grade office portfolio located in Australia and New Zealand with a book value in excess of $1.5 billion.
Deutsche Office Trust	DB RREEF Operations Trust	Aug-04	n/a	n/a	n/a	Scrip	DOT, DIT and DDF were merged into a newly formed trust, known as DB RREEF Operations Trust (DRO). As part of the transaction, DRO acquired a 50% interest in Deutsche Bank's real estate funds management business in Australia, which would become responsible entity and funds manager for the group. DRO also acquired some additional assets, including an 80% interest in Calwest's US industrial property assets
Deutsche Industrial Trust	DB RREEF Operations Trust	Aug-04	n/a	n/a	n/a	Scrip	
Deutsche Diversified Trust	DB RREEF Operations Trust	Aug-04	n/a	n/a	n/a	Scrip	
Principal America Office Trust	Macquarie Office Trust	Jul-04	857	12.6%	32.7%	Cash/Scrip	Principal America Office Trust's property portfolio consisted of interests in 11 high quality office buildings located in nine cities across the US valued at nearly USD 1 billion
Prime Retail Group	Centro Property Group	Jul-04	414	9.9%	14.0%	Scrip	The merger was effected via a scheme of arrangement with an effective ratio of 5 Prime securities per 1 Centro security. The offer for securities in Prime was equivalent $0.89 per security
Westfield America Trust	Westfield Holdings Ltd	Jul-04	8,344	12.8%	29.7%	Scrip	The transaction involved the merger of the three listed Westfield entities, being WFT, WFA and WSF into a new entity known as Westfield Group, to be internally managed and based in Australia. The value of the combined entity was approximately $25 billion. This merger was effected by a scheme of arrangement
Westfield Trust	Westfield Holdings Ltd	Jul-04	9,468	13.8%	29.9%	Scrip	
AMP Diversified Trust	Stockland	Jul-03	1,579	15.5%	20.8%	Cash/Scrip	AMP Diversified Trust was externally managed
Principal Office Fund	Investa	Jul-03	1,482	14.1%	2.2%	Scrip	Offer was successful at a very low premium to NTA because of prior negative sentiment to the stock and office property sector

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Table 44: Summary of mergers and acquisitions (continued)

AMP Industrial Trust	Macquarie Goodman Industrial Trust	Jul-03	457	9.8%	27.0%	Cash/Scrip	On completion, AMP was paid $12.5 million and $5.0 million respectively for the relevant assets and for associated facilitation obligations to ensure transition of the corporate and property level services
AMP Shopping Centre Trust	Westfield Trust	May-03	1,439	26.8%	21.8%	Cash	AMP Shopping Centre Trust was externally managed Westfield bid was subsequent to a lower bid by Centro
CFS Industrial Trust	Macquarie Goodman Industrial Trust	Apr-03	500	-	5.3%	Cash	Acquisition of 22 high tech industrial and industrial properties predominantly Sydney based. Consideration split between properties ($475 million) and payment to secure management of portfolio ($25 million)

Source: Independent Expert's Reports, Bloomberg, SDC Platinum, Annual reports

Notes:

1 Transaction value based on mid-point of the value of consideration assessed by the Independent Expert

2 Premium to security price based on volume weighted average security price for the month prior to announcement of the offer

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Appendix 5: Sources of information

In preparing this report we have had access to the following principal sources of information:

- financial statements and annual reports of JFG and Mirvac
- the Explanatory Memorandum
- various BIS Shrapnel new releases and reports on the residential property sector
- various 'Market View' reports produced by CB Richard Ellis
- internal management reports, forecast earnings for the 2005 financial year and detailed feasibility studies for the JF Developments projects
- Mirvac and James Fielding investor presentation dated 12 October 2004
- other publicly available information including information published by Bloomberg, IBISWorld, the Australian Bureau of Statistics, SDC Platinum and broker reports.

In addition, we have had discussions with the management of JFG in relation to the above information and to current operations and prospects. We had a discussion with the management of Mirvac, although this was restricted to publicly available information.

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Appendix 6: Qualifications, declarations and consents

The report has been prepared at the request of the directors of JFG and is to be included in the Explanatory Memorandum to be sent to JFG Securityholders and has been prepared exclusively for the purpose of assisting JFG Securityholders to make an informed assessment as to whether or not to vote in favour of the resolutions required to approve and implement the Schemes. The report should not be used for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Schemes.

The report represents solely the expression by Deloitte of its opinion as to whether the Schemes are in the best interest of JFG Securityholders as a whole. Deloitte consents to this report being included in the Explanatory Memorandum.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte has relied upon the information provided by the directors and executives of JFG and Mirvac which Deloitte believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to JFG management for confirmation of factual accuracy.

In preparing our report we have had limited access to the management of Mirvac. However, we may not have become aware of all information that may be relevant to our valuation of this entity. Accordingly the conclusions reached in our valuation report could differ to those reached had we had full access to the management of Mirvac.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions to the extent they are publicly available in relation to Mirvac or they are publicly available or have been provided by JFG in relation to JFG. The prospective financial information and the underlying assumptions provided by or publicly available in relation to JFG are the sole responsibility of JFG. We have been instructed that JFG takes no responsibility for the publicly available information regarding Mirvac which we have considered. Our procedures are limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. In accordance with the various professional standards and guidance pursuant to which this report has been prepared, as set out in Section 2, we do not express any opinion on any financial data or other information referred to in this report.

Actual results are likely to be different from the forecasts referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of forecasts is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Furthermore, recognising that Deloitte may rely on information provided by JFG and its officers and/or associates, JFG has agreed to make no claim against Deloitte to recover any loss or damage which JFG may suffer as a result of that reliance and also has agreed to indemnify Deloitte against any claim arising out of the assignment to give this report, except where the claim has arisen as a result of any proven wilful misconduct by Deloitte.

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Deloitte holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte principally involved in the preparation of this report, Rachel Foley-Lewis B.Comm CA SIA (Aff), Johan Duivenvoorde B.Comm CA, Adam Keppie B.Comm CA SIA (Aff), Rachel Lee B.Sci (Hons) ACA, Michael Siu B.Comm LLB M.Bus, Andrew Robinson B.Bus CA and Andrew Staines MA (Cantab) ACA. Rachel Foley-Lewis and Johan Duivenvoorde are Directors of Deloitte. Each have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte, DTT, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte will receive a fee of approximately $325,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Schemes.

8 Taxation report

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The Board of Directors
James Fielding Holdings Limited
James Fielding Funds Management Limited as Responsible
Entity for the James Fielding Trust
Level 22
56 Pitt Street
SYDNEY NSW 2000

12 November 2004

Dear Directors

Taxation Report

This letter has been prepared for inclusion in the Explanatory Memorandum for investors in JFG Securities in relation to the Proposal.

The purpose of the letter is to provide a broad summary of the Australian income tax considerations for investors in JFG Securities of the acceptance of the Proposal.

This letter is based on the *Income Tax Assessment Act 1936* (as amended) and the *Income Tax Assessment Act 1997* (as amended) and the established interpretations of the legislation as at the date of this letter. JFG is in the process of requesting a class ruling from the Australian Taxation Office ("ATO") to confirm the availability of Capital Gains Tax ("CGT") scrip-for-scrip rollover relief for JFG Securityholders. Importantly, this report assumes that the ATO will issue such a class ruling.

The taxation information provided below is intended as a brief guide only and is necessarily general in nature. The information applies to Australian resident individual JFG Securityholders who hold their investments on capital account, and does not apply to JFG Securityholders who are traders or are carrying on a business which includes deriving gains from the disposal of JFG Securities.

The taxation consequences of the Proposal are complex. Accordingly, JFG Securityholders are recommended to seek professional tax advice in relation to their own position.

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The Board of Directors
12 November 2004

The information contained in this letter does not constitute "financial product advice" within the meaning of the *Corporations Act 2001 (Cth)* ("Corporations Act"). PricewaterhouseCoopers, which is providing this letter, is not licensed to provide financial product advice under the Corporations Act. To the extent that this letter contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This letter has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking independent financial advice from a person who is licensed to provide financial product advice under the Corporations Act.

Capitalised terms in this letter take on the same meaning as that set out in the Glossary of the Explanatory Memorandum.

Disposal of JFH Shares and JFT Units

JFG Securities consist of a share in James Fielding Holdings Limited ("JFH Shares") and a unit in the James Fielding Trust ("JFT Units") and the Mirvac Securities consist of a share in Mirvac Limited and a unit in the Mirvac Trust. The Proposal consists of an exchange of the following:

- New Mirvac Units for JFT Units
- New Mirvac Shares for JFH Shares

Although the JFH Shares and JFT Units are currently stapled, as described in Section 10 of the Explanatory Memorandum, prior to the exchange of securities under the Proposal it will be necessary to destaple the JFH Shares and JFT Units. The destapling will not of itself result in a disposal for CGT purposes.

Acceptance of the Proposal will involve the disposal of JFH Shares and JFT Units on the Implementation Date by JFG Securityholders for CGT purposes. A CGT calculation will be required in respect of each JFH Share and JFT Unit ("the underlying securities").

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The Board of Directors
12 November 2004

Any resultant capital gain or loss will need to be taken into account in determining the net capital gain to be included in the assessable income of the JFG Securityholder in the year of income in which the disposal occurs. A net capital loss may be carried forward until the JFG Securityholder has realised capital gains against which the net capital loss can be offset.

The amount of the consideration for the disposal of each underlying security of the JFG Security should be the market value of the New Mirvac Share for the JFH Share and New Mirvac Unit for the JFT Unit on the Implementation Date. We have been advised that Mirvac will make information available on its website to assist investors with the relevant market value of each New Mirvac Share and New Mirvac Unit.

It should be noted that depending on the date of acquisition and period held of each existing JFH Share and JFT Unit, the CGT treatment may differ amongst individual JFG Securityholders. If the underlying JFT Units were acquired before 20 September 1985, the JFT Unit will be a pre-CGT asset and as a consequence, any capital gain or loss realised on disposal of that unit will be disregarded when determining the net capital gain to be included in the assessable income of a JFG Securityholder. For JFH Shares and/or JFT Units acquired after 19 September 1985, the capital gain/loss on the disposal of the underlying JFH Share or JFT Unit is calculated as follows:

- The capital gain or loss is the excess or shortfall of the consideration for the disposal over the cost base of the relevant underlying JFH Share or JFT Unit.
- If the underlying JFH Share or JFT Unit has been held for less than 12 months this is the amount of gain or loss included in the net capital gain calculation.
- If the underlying JFH Share or JFT Unit has been held for 12 months or more and there is a loss, similarly this loss is included in the net capital gain calculation.
- If the underlying JFH Share or JFT Unit has been held for 12 months or more and there is a gain, the gain is eligible for a CGT discount (being 1/2 of the gain for individuals).
- Where the underlying JFT Unit was purchased before 21 September 1999, JFG Securityholders may elect to calculate the capital gain on disposal of the JFT Unit either by indexing the cost base of the Unit by reference to the relevant Consumer Price Index up until 30 September 1999 or by applying the CGT discount.

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The Board of Directors
12 November 2004

However, JFG Securityholders may be eligible for CGT scrip-for-scrip rollover relief ("CGT Rollover Relief"). This is discussed in more detail below.

CGT Scrip-for-Scrip Rollover Relief

CGT Rollover Relief is only available for JFG Securityholders who amongst other things, hold their underlying securities on capital account and acquired those securities after 19 September 1985.

Another key requirement for CGT Rollover Relief is that there are fixed entitlements to all of the income and capital of the JF Trust and Mirvac Trust (as defined in the Tax Law). Based on our understanding of the constitutions of the trusts, ATO and industry practice and similar transactions undertaken by other listed property trusts we would expect the ATO to agree that there are such fixed entitlements.

Where Mirvac acquires 80% or more of the JFG Securities under the Proposal and the other requirements for CGT Rollover Relief are satisfied, JFG Securityholders may choose for CGT Rollover Relief to apply to capital gains (but not capital losses) realised under the Proposal. Under a rollover, all or part of a capital gain that would have ordinarily been recognised on the realisation of one asset is disregarded and the cost base of that asset is transferred to the replacement asset (see the heading below under "Cost Base of New Mirvac Securities").

Based on our understanding of the merger mechanics and of valuation principles and practices relevant to Mirvac and JFG, in our opinion it is reasonable to conclude that 100% CGT Rollover Relief should be available to JFG Securityholders under the Proposal.

In addition, we believe that CGT Rollover Relief should be available to JFG Securityholders who elect for the Cash Out Facility ("COF") or the Security Sale Facility ("SSF"). This is on the basis of our understanding that, when finalised, the documentation for the COF and SSF will have the following results:

- JFG Securityholders will be the beneficial owners of the New Mirvac Securities immediately after they are issued; and

- Macquarie Securities will be acting for the JFG Securityholders only in a nominee capacity and JFG Securityholders will be absolutely entitled to the New Mirvac Securities as against Macquarie Securities.

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We note that there are other income tax implications that need to be considered for JFG Securityholders who elect for the COF and/or SSF (refer below).

The ATO has been requested to confirm the availability of CGT Rollover Relief under the Proposal. We note that if the ATO adopts a different view to any of the CGT Rollover Relief requirements, it may allow only partial (or even no) CGT Rollover Relief for JFG Securityholders. In calculating the capital gain for the part of an underlying JFG Security not eligible for CGT Rollover Relief, a reasonable portion of the cost base of the security would be deducted from that part of the proceeds not eligible for CGT Rollover Relief.

Cost Base of New Mirvac Securities

Where a JFG Securityholder chooses to apply the CGT Rollover Relief provisions and to the extent that rollover is available under the Proposal, the New Mirvac Units and New Mirvac Shares will inherit the cost base of the JFT Units (after having adjusted for any tax deferred distributions received) and JFH Shares respectively. Those New Mirvac Shares and New Mirvac Units will also be deemed to have been acquired on the date that the JFH Shares and JFT Units were acquired.

To the extent CGT Rollover Relief cannot be or is not chosen, the cost base of the New Mirvac Units and New Mirvac Shares should be the market value of the JFT Units and JFH Shares (transferred under the Proposal) on the Implementation Date. The Implementation Date should also be the date of acquisition of the New Mirvac Units and New Mirvac Shares.

Where a JFG Securityholder acquired their JFT Units before 20 September 1985, the cost base of the replacement New Mirvac Units should be the market value of the New Mirvac Units at the Implementation Date. The New Mirvac Units acquired should not inherit the pre-CGT status of the JFT Units previously held. Rather, the New Mirvac Units will be deemed to have been acquired on the Implementation Date.

JFG Securityholders Who Elect for the Cash Out Facility or Security Sale Facility

Existing JFG Securityholders who elect for the COF or SSF will, for CGT purposes, dispose of their New Mirvac Units and New Mirvac Shares. In calculating the capital gain or loss on each disposal:

- The disposal proceeds will be the amount received under the COF or SSF. These proceeds should be apportioned across the underlying New Mirvac Shares and New Mirvac Units on a reasonable basis.

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- The cost base and date of acquisition of each New Mirvac Share and New Mirvac Unit will depend on whether CGT Rollover Relief was available, on whether the JFG Securityholder chose to obtain CGT Rollover Relief and on whether the JFT Units were acquired before 20 September 1985. Refer to our comments above under the heading "Cost Base of New Mirvac Securities" for more information.

The resultant capital gains or losses will need to be taken into account in determining the net capital gain to be included in the assessable income (or net capital loss) of the JFG Securityholder in the year of income in which the disposal occurs.

Tax File Numbers and Australian Business Numbers

A Securityholder need not quote a Tax File Number ("TFN") under the Proposal. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be deducted from any income distribution entitlement or unfranked dividend paid at the highest marginal tax rate plus Medicare levy (currently 48.5 per cent).

Securityholders that hold securities as part of their business may quote their Australian Business Number instead of their TFN.

Goods and Services Tax ("GST")

The disposal of the JFG Securities and the acquisition and disposal of Mirvac Securities by JFG Securityholders should not be subject to GST.

Yours faithfully

Manuel Makas
Partner

9 Cash Out Facility, Security Sale Facility & Foreign Securityholders

9.1 Overview

Mirvac has established facilities for JFG Securityholders to receive cash for their entitlement to New Mirvac Securities under the Schemes. Mirvac has established two facilities, a Cash Out Facility and a Security Sale Facility. These facilities will be available to all JFG Securityholders holding JFG Securities at the Record Date.

In the event the Schemes are approved and take effect, JFG Securityholders at the Record Date will be entitled to receive 0.73 New Mirvac Securities for each JFG Security that they hold, unless they are an Excluded Foreign Securityholder or they elect to participate in the Cash Out Facility or the Security Sale Facility as explained below. **JFG Securityholders (other than Excluded Foreign Securityholders) who do not elect to participate in the Cash Out Facility or the Security Sale Facility will receive New Mirvac Securities for their JFG Securities in the ratio set out above.** Further details of the Scheme Consideration are set out in Section 10.1(h).

The maximum number of New Mirvac Securities you may elect for participation in the Cash Out Facility or the Security Sale Facility will depend on the number of JFG Securities you hold on the Record Date.

You may obtain information about the number of JFG Securities that you hold from time to time by contacting the JFG Registry on 1800 137 835 (in Australia) or +61 3 9415 4000 (if overseas).

The market prices for Mirvac Securities and JFG Securities may change from time to time. On 11 November 2004, the closing price of Mirvac Securities was $4.63 and the closing price of JFG Securities was $3.42. You may obtain information about the price of Mirvac Securities and JFG Securities from sources where the prices of ASX listed securities are from time to time published (such as the ASX website at www.asx.com.au and certain newspapers).

If you do not wish to receive New Mirvac Securities and do not wish to participate in the Cash Out Facility or the Security Sale Facility, you may sell your JFG Securities on the ASX at any time before the close of trading on ASX on the Effective Date at the prevailing market price. However, you should note that if you sell your JFG Securities prior to 23 December 2004, you will not receive the JFG distribution for the six months to 31 December 2004 of 12.25 cents per JFG Security (see Section 4.1). You are also able to sell on the ASX any New Mirvac Securities which you receive without electing to participate in the Cash Out Facility or the Security Sale Facility.

If Mirvac, JFG, Macquarie Securities, the JFG Registry or the Mirvac Registry make any additional information available about the Cash Out Facility or the Security Sale Facility, that information will be made available on JFG's website at www.jamesfielding.com.au. You may request a copy of that information by contacting the JFG Information Line on 1800 137 835, which will be provided to you free of charge.

A summary of the key terms of the facilities is set out in the following table:

	Cash Out Facility	Security Sale Facility
Cash per JFG Security	Guaranteed cash in an amount equivalent to $3.33 for each of your JFG Securities (subject to Scaleback).	The cash amount determined by dividing the gross proceeds of sale (on the ASX or by institutional bookbuild) of all New Mirvac Securities issued to Macquarie Securities as nominee under both Cash Out Facility and Security Sale Facility by the total number of New Mirvac Securities that are sold under both the Cash Out Facility and the Security Sale Facility. This amount may be higher or lower than that available under the Cash Out Facility.
Transaction costs	None. All transaction costs to be borne by Mirvac.	As for Cash Out Facility.
Scaleback	If applications for the Cash Out Facility exceed the COF Threshold, Scaleback will occur on a pro-rata basis for applications in excess of 1,095 New Mirvac Securities (or such lesser number to ensure that the COF Threshold is not exceeded). COF Participants may elect to include any entitlement to New Mirvac Securities that are scaled back as a result of the foregoing into the Security Sale Facility.	None.
Distribution entitlement	Retain entitlement to JFG distribution of 12.25 cents per JFG Security for the six months to 31 December 2004, provided you are on the JFG Register on the record date for that distribution.	As for Cash Out Facility.
Date for dispatch of facility payments	Not later than 21 days after the Implementation Date.	As for Cash Out Facility.
How to participate	Complete and validly submit the Election Form in accordance with the instructions on the form and below. The Election Form is distributed with your copy of the Explanatory Memorandum.	As for Cash Out Facility.

If you wish to participate in either or both of the Cash Out Facility and the Security Sale Facility, you will need to sign and complete the Election Form and return it to the JFG Registry by no later than the Effective Date. A copy of the Election Form accompanies this Explanatory Memorandum. The Election Form must be completed in accordance with the instructions and directions contained on the Election Form to be valid. Any dispute concerning whether an election to participate in either or both of the Cash Out Facility and the Security Sale Facility is valid will be determined by the directors of JFG, whose determination is final and determinative of the dispute.

Excluded Foreign Securityholders who hold JFG Securities at the Record Date, in the event the Proposal is implemented, will receive a cash amount through their participation in the Cash Out Facility and the Security Sale Facility. Excluded Foreign Securityholders may elect to participate in either or both of the Cash Out Facility and Security Sale Facility by making an appropriate election on the Election Form. An Excluded Foreign Securityholder who fails to make such an election will be deemed to have elected to participate in the Cash Out Facility, although this participation will be subject to the Scaleback that will operate under the Cash Out Facility, described below. Any such New Mirvac Securities that are subject to Scaleback will, in the case of Excluded Foreign Securityholders, be automatically sold in the Security Sale Facility.

The Mirvac Directors and JFG Directors do not make any recommendation or give any advice as to whether you should participate in the Cash Out Facility or the Security Sale Facility or, if you do, the nature of your participation. Your decision whether or not to participate in either or both of the Cash Out Facility and the Security Sale Facility and the nature of any participation should only be made after consultation with your investment, financial, taxation or other professional adviser, based on your own investment objectives, financial situation, taxation position and particular needs.

In particular, taxation considerations will be important. Some general comments on the Australian tax consequences of the Cash Out Facility and the Security Sale Facility are set out in the Taxation Report in Section 8. However, you should obtain taxation advice from your own taxation adviser before making any decision in relation to participation in the Cash Out Facility or the Security Sale Facility.

Macquarie Securities, as nominee for the JFG Securityholders who participate in the Cash Out Facility and Security Sale Facility, will act as Sale Broker under both the Cash Out Facility and Security Sale Facility. COF Participants and SSF Participants will not pay any expenses or transaction costs to Macquarie Securities. These costs will be borne by Mirvac.

9.2 Cash Out Facility

Under the Cash Out Facility, JFG Securityholders who participate will receive an amount that is equivalent to $3.33 for a JFG Security. Participation in the Cash Out Facility and receipt of this amount are subject to the matters discussed below. The amount to be received under the Cash Out Facility may also be more or less than the equivalent market value of the COF Participant's JFG Securities at any time prior to the close of trading of JFG Securities on ASX on the Effective Date (which is the last day for trading JFG Securities on the ASX) and the equivalent market price of New Mirvac Securities on the ASX after the Schemes are implemented.

JFG Securityholders can participate in the Cash Out Facility only by completing and validly submitting the Election Form by the Effective Date. The Election Form must be completed in accordance with the directions and instructions on the Election Form in order to be valid.

JFG Securityholders who receive New Mirvac Securities are also able to sell those New Mirvac Securities on the ASX without electing to participate in the Cash Out Facility or the Security Sale Facility.

The following arrangements apply to JFG Securityholders who elect to participate in the Cash Out Facility:

(a) JFG Securityholders may elect to participate in the Cash Out Facility in respect of all or part of their entitlement to receive New Mirvac Securities under the Schemes, subject to a minimum participation being the lesser of 438 New Mirvac Securities or, if the COF Participant is entitled to fewer than 438 New Mirvac Securities under the Schemes, all of their entitlement to New Mirvac Securities. Where Cash Out Facility participation is elected, the New Mirvac Securities which otherwise would be issued to the participating JFG Securityholder under the Schemes will, instead, be issued to Macquarie Securities as nominee for sale. The participating JFG Securityholder will receive a cash payment as explained below.

(b) The maximum number of New Mirvac Securities that can participate in the Cash Out Facility is 10,960,960 New Mirvac Securities (equivalent to 15,015,015 JFG Securities on the basis of the exchange ratio that applies under the Schemes). If valid elections to participate in the Cash Out Facility exceed this maximum number then there will be a Scaleback in participation, in the manner discussed below.

(c) A JFG Securityholder will receive a cash payment equivalent to $4.5616 for each New Mirvac Security that the JFG Securityholder is entitled to be issued under the Schemes that has validly been elected to participate in the Cash Out Facility and is not subject to Scaleback. This amount equates to $3.33 per JFG Security.

(d) If greater than 10,960,960 New Mirvac Securities are elected to participate in the Cash Out Facility there will be a Scaleback to reduce the number of New Mirvac Securities that participate in the Cash Out Facility to 10,960,960 such securities.

(e) The Scaleback will only apply if COF Participants who have elected to have more than the Scaleback Maximum, being 1,095 New Mirvac Securities (or such lesser number as is required to ensure that the COF Threshold is not exceeded) participate in the Cash Out Facility. If a Scaleback operates it will operate on a pro rata basis in respect of the entitlements to New Mirvac Securities of each COF Participant in excess of the Scaleback Maximum that have been elected to participate in the Cash Out Facility.

(f) Neither Mirvac nor JFG nor Macquarie Securities is in a position to give any assurance or make any representation as to what will constitute the Scaleback Maximum. The Scaleback Maximum can only be determined after all elections to participate in the Cash Out Facility have been lodged and will depend on the extent to which JFG Securityholders elect to participate in the Cash Out Facility.

(g) If the Scaleback applies, the New Mirvac Securities which are subject to the Scaleback may participate in the Security Sale Facility provided an appropriate election has been made on the Election Form by the relevant JFG Securityholder to participate in the Security Sale Facility in these circumstances. Different rules apply to Foreign Securityholders and these are set out in Section 9.4.

(h) The New Mirvac Securities which participate in the Cash Out Facility will be issued to Macquarie Securities as nominee for sale under the Cash Out Facility. Macquarie Securities will sell all New Mirvac Securities issued to it under the Cash Out Facility (together with New Mirvac Securities issued to it under the Security Sale Facility) within 10 business days after the Implementation Date of the Schemes. The sale of these securities may result in a sale consideration per New Mirvac Security which will be less or more than the $4.5616 per New Mirvac Security which is the amount that COF Participants will receive under the Cash Out Facility and equates to $3.33 per JFG Security. **Any shortfall between the equivalent sale consideration received and the payments to be made to the COF Participants under the Cash Out Facility will be met by Mirvac from its own financial resources or by drawing down uncommitted banking facilities which exist at the date of this Explanatory Memorandum. COF Participants will not receive any payment in excess of $4.5616 per New Mirvac Security if Macquarie Securities achieves a greater sale consideration, which will be to the benefit of Mirvac.**

(i) Mirvac will ensure that the Mirvac Registry will despatch the relevant payments to COF Participants within 21 days after the Implementation Date by pre-paid post or airmail (as applicable) to that COF Participant's registered address in the JFG register as at the Record Date, at the risk of the COF Participant.

9.3 Security Sale Facility

Under the Security Sale Facility, JFG Securityholders will receive a cash amount for their entitlement to New Mirvac Securities under the Schemes which are validly accepted into the Security Sale Facility. Unlike the Cash Out Facility, the Security Sale Facility does not guarantee a fixed cash amount to SSF Participants. The cash amount SSF Participants will receive as a result of participating in the Security Sale Facility will be determined by reference to the proceeds of sale of New Mirvac Securities under the Security Sale Facility and the Cash Out Facility, described below, and this amount may be more or less than the equivalent market value of the SSF Participant's JFG Securities at any time prior to the close of trading of JFG Securities on ASX on the Effective Date or the equivalent market price of New Mirvac Securities after the Schemes are implemented.

JFG Securityholders can participate in the Security Sale Facility only by completing and validly submitting the Election Form by the Effective Date. The Election Form must be completed in accordance with the directions and instructions on the Election Form in order to be valid.

JFG Securityholders who receive New Mirvac Securities are also able to sell those New Mirvac Securities on the ASX without electing to participate in the Cash Out Facility or the Security Sale Facility.

The following arrangements apply to JFG Securityholders who elect to participate in the Security Sale Facility:

(a) JFG Securityholders may elect to participate in the Security Sale Facility in respect of part or all of their entitlement to receive New Mirvac Securities under the Schemes, subject to a minimum participation being the lesser of 438 New Mirvac Securities or, if the JFG Securityholder is entitled to be issued fewer than 438 New Mirvac Securities under the Schemes, all of the SSF Participant's entitlement to New Mirvac Securities.

(b) Where participation in the Security Sale Facility is elected, the New Mirvac Securities which would otherwise be issued to the SSF Participant under the Schemes will be issued to Macquarie Securities as nominee for sale. Macquarie Securities will sell all New Mirvac Securities issued to it under the Security Sale Facility (together with New Mirvac Securities issued to it under the Cash Out Facility) within the 10 business days after the Implementation Date. It is expected that all New Mirvac Securities to be sold by Macquarie Securities under the Security Sale Facility and Cash Out Facility will be sold on ASX, or by an institutional bookbuild, at Macquarie Securities' absolute discretion, having regard to the objective of maximising the sale proceeds for participating JFG Securityholders, the matters discussed below and the requirement to sell within 10 business days after the Implementation Date. Macquarie Securities will seek to achieve the best price for the New Mirvac Securities that is reasonably obtainable bearing in mind a number of factors, including the number of New Mirvac Securities to be sold, the prevailing market conditions (including the prevailing market price of Mirvac Securities), the prevailing demand for Mirvac Securities, maintaining an orderly market in Mirvac Securities and the fact that there is a limited time only within which to sell the New Mirvac Securities. The prices at which Macquarie Securities sells the New Mirvac Securities may be adversely affected by the requirement that the sales be conducted within 10 business days after the Implementation Date, the requirement that the sales are likely to take place during January 2005 when activity on the ASX may not be as strong because it is during the Australian summer holiday period and the number of New Mirvac Securities to be sold which may require disposal otherwise than through a licensed market (including through a bookbuild).

(c) SSF Participants will be entitled to receive a cash amount for each New Mirvac Security participating in the Security Sale Facility, which is equivalent to the amount calculated by dividing the gross proceeds of sale of all New Mirvac Securities issued to Macquarie Securities as nominee under both the Cash Out Facility and the Security Sale Facility by the total number of New Mirvac Securities that are sold under the Cash Out Facility and the Security Sale Facility and rounding to four decimal places. This amount will not necessarily be the highest price at which Macquarie Securities sold New Mirvac Securities under the Security Sale Facility and Cash Out Facility. All SSF Participants will receive the same cash amount for each New Mirvac Security. The cash amount per New Mirvac Security will be multiplied by the number of SSF Participating Securities for each SSF Participant and rounded to the nearest cent to determine the proceeds payable to each SSF Participant.

(d) Due to a number of factors in the market, including uncertainty surrounding market conditions leading up to and after the Implementation Date and uncertainty in relation to the demand for New Mirvac Securities during the sale period, neither Mirvac nor JFG nor Macquarie Securities can or does give any assurance as to the likely cash amount per New Mirvac Security that will be achieved by SSF Participants following the sale of the New Mirvac Securities under the Security Sale Facility. In particular, it should be noted that, unlike the Cash Out Facility, the Security Sale Facility does not contemplate that a certain fixed cash amount will be paid to SSF Participants. The cash amount that will be paid to SSF Participants for each New Mirvac Security, being part of their entitlements under the Schemes, may be more or less than the market price of New Mirvac Securities as traded on the ASX both before, at the time of and after the sale by Macquarie Securities.

(e) Mirvac will ensure that the Mirvac Registry will despatch the relevant payments to SSF Participants within 21 days of the Implementation Date by pre-paid post or airmail (as applicable) to that SSF Participant's registered address in the JFG Register as at the Record Date, at the risk of the SSF Participant.

9.4 Foreign Securityholders

Restrictions in certain foreign countries make it impractical or unlawful for Mirvac to offer or for JFG Securityholders to receive New Mirvac Securities in those countries.

Accordingly, Mirvac is not issuing New Mirvac Securities to an Excluded Foreign Securityholder, being a holder of JFG Securities who, on the Record Date, has a registered address which is outside Australia and New Zealand and their respective external territories, unless Mirvac is satisfied in its absolute discretion upon the written application of a Foreign Securityholder that it is not prevented from lawfully issuing New Mirvac Securities to that holder under the Schemes, either unconditionally or after compliance with conditions that Mirvac regards as acceptable in its absolute discretion and provided the conditions are not unduly onerous.

The entitlement that an Excluded Foreign Securityholder at the Record Date would otherwise have to be issued New Mirvac Securities under the Schemes will be satisfied by Mirvac issuing such New Mirvac Securities for sale under the Cash Out Facility or Security Sale Facility, in the manner described above.

Excluded Foreign Securityholders may elect to participate in either or both of the Cash Out Facility or Security Sale Facility by making an appropriate election on the Election Form. An Excluded Foreign Securityholder who fails to make such an election will be deemed to have elected to participate in the Cash Out Facility, although this participation will be subject to the Scaleback that will operate under the Cash Out Facility, described in Section 9.2. Any such New Mirvac Securities representing the entitlements of Excluded Foreign Securityholders which are the subject of the Scaleback will, however, be automatically sold in the Security Sale Facility.

If you are a Foreign Securityholder and wish to make any application to receive New Mirvac Securities under the Schemes, you should do so in writing:

- setting out the reasons why you believe New Mirvac Securities may be lawfully issued to you under the Schemes, and any conditions or requirements that Mirvac (or any other person) would need to satisfy or comply with in order to do so; and
- attaching a signed declaration certifying that you are a person to whom New Mirvac Securities may be lawfully issued under the Schemes, together with appropriate legal advice from a qualified legal adviser in your country of residence confirming the matters stated in the application and certified in the declaration.

Applications and accompanying documents should be directed to the Company Secretary – Mirvac Group and sent by post to:

Level 5, 40 Miller Street,
North Sydney, NSW 2060

or by facsimile to +61 2 9004 8460,

together with your name, address and other contact details.

Applications must be received by no later than 15 December 2004. Any applications received after that date will not be considered or processed by Mirvac.

10 Implementation of the Proposal

10.1 Steps to implement the Proposal

The steps to implement the Proposal are set out below.

(a) On 12 October 2004, JFG and Mirvac entered into the Merger Implementation Agreement in relation to the Schemes and under which JFG agreed to propose the Schemes.

(b) On 11 November 2004, Mirvac executed the Deed Poll pursuant to which Mirvac agreed, subject to the Schemes becoming effective, to provide to each Scheme Participant the Scheme Consideration to which such Scheme Securityholder is entitled under the terms of the Schemes. A copy of the Deed Poll is included in Annexure 1.

(c) On 12 November 2004, the Court ordered that JFH convene the Share Scheme Meeting at Rydges Jamison, 11 Jamison Street, Sydney on 17 December 2004 commencing at 11.00 am, for the purposes of approving the Share Scheme.

(d) On the same date as the Share Scheme Meeting is held:

(i) JFG RE will convene the Unit Scheme Meeting for the purposes of approving the Unit Scheme Resolutions and the De-stapling Resolution; and

(ii) JFH will convene the General Meeting to approve the De-stapling Resolution.

(e) JFH will apply to the Court for an order approving the Share Scheme if:

(i) the Share Scheme is approved by the requisite majority of JFH Shareholders at the Share Scheme Meeting;

(ii) the Unit Scheme Resolutions and the De-stapling Resolution are approved by the requisite majorities of JFT Unitholders at the Unit Scheme Meeting; and

(iii) the De-stapling Resolution is approved by the requisite majority of JFH Shareholders at the General Meeting.

Each JFH Shareholder has the right to appear at Court at the application by JFH for orders approving the Share Scheme. The Court has a discretion as to whether to grant the orders approving the Share Scheme, even if the Share Scheme is approved by the requisite majority of JFH Shareholders.

(f) If the Court order approving the Share Scheme is obtained, then JFH will lodge with ASIC an office copy of the Court order under section 411 of the Corporations Act. The date on which this occurs will become the Effective Date.

(g) No dealings in JFG Securities will be permitted after the Effective Date, although the process to register dealings that took place on or before the Effective Date will continue until the Record Date. However, JFG Securityholders will be entitled to trade their entitlement to Scheme Consideration (other than any entitlement that they have elected to participate in the Cash Out Facility and Security Sale Facility, further details of which are set out in Section 9) on ASX initially on a deferred settlement basis from the first Business Day after the Effective Date.

(h) If the Schemes become effective, then on the Implementation Date:

(i) all of the Scheme Shares will be transferred to Mirvac Limited and all of the Scheme Units will be transferred to Mirvac Trust, without the need for any further act by any Scheme Participant, by:

– JFG procuring the delivery to Mirvac of duly completed and executed transfer form or forms to transfer all of the Scheme Securities to Mirvac; and

– JFG entering the names of Mirvac Trust in the Register as the holder of all of the Scheme Units and Mirvac Limited as the holder of all of the Scheme Shares;

No dealings in JFG Securities will be permitted after the Effective Date, although the process to register dealings that took place on or before the Effective Date will continue until the Record Date. The transfer of JFG Securities will take place on the Implementation Date.

(ii) Mirvac will provide to Scheme Participants the Scheme Consideration, being:

– under the Share Scheme – the Share Scheme Consideration of 0.73 New Mirvac Shares for each Scheme Share; and

– under the Unit Scheme – the Unit Scheme Consideration of 0.73 New Mirvac Units for each Scheme Unit.

The effect of the Schemes will be that 0.73 New Mirvac Securities will be issued where the Cash Out Facility or the Security Sale Facility applies, for the benefit of each JFG Securityholder in exchange for every JFG Security that they hold on the Record Date.

(i) The Schemes will not become effective if the Merger Implementation Agreement is terminated or other conditions, referred to in Section 10.2, are not satisfied or waived.

(j) Each Scheme Participant, without the need for any further act, irrevocably appoints JFH and all its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to the Share Scheme including a proper instrument of transfer of its JFH Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the JFH Shares. Each Scheme Participant also irrevocably appoints JFG RE as its agent and attorney (with power to appoint sub-attorneys) to do all acts, matters and things which JFG RE considers necessary or desirable to give effect to the Unit Scheme (including completing and signing a transfer of its JFT Units and an application for New Mirvac Units).

10.2 Conditions of the Schemes

The Schemes are conditional upon:

(a) satisfaction or waiver of the conditions set out in clause 5.1 of the Merger Implementation Agreement (see Section 10.3(a)) as at 8.00 am on the Court Approval Date (other than the condition relating to Court approvals);

(b) the Merger Implementation Agreement not being terminated (see Section 10.3(h)) prior to 8.00 am on the Court Approval Date;

(c) the De-stapling Resolution being approved at the General Meeting and the Unit Scheme Meeting;

(d) the Unit Scheme Resolutions being approved at the Unit Scheme Meeting; and

(e) the Court approving the Share Scheme in accordance with section 411(4)(b) of the Corporations Act with or without modification.

As at the date of this Explanatory Memorandum, JFG and Mirvac are not aware of any circumstances which would cause the conditions of the Schemes described above not to be satisfied or waived.

10.3 Merger Implementation Agreement

The following is a summary of the key provisions of the Merger Implementation Agreement.

The Merger Implementation Agreement contemplates that the Proposal will be implemented by way of scheme of arrangement, namely the Share Scheme, and the Unit Scheme. The Merger Implementation Agreement also contemplates that JFG will propose the Schemes.

(a) Conditions precedent

The obligations of JFG and Mirvac to implement the Schemes under the Merger Implementation Agreement are conditional on the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act and satisfaction or waiver of the following conditions as at 8.00 am on the Court Approval Date:

(i) (no restraint) no permanent or temporary order of a Court of competent jurisdiction or other legal restraint restraining or prohibiting the implementation of the Schemes or otherwise adversely impacting on the Schemes is in effect;

(ii) (Independent Expert's Report) the Independent Expert's Report concludes that the Schemes are in the best interest of the JFH Shareholders and JFT Unitholders;

(iii) **(recommendation of JFG boards)** the boards of JFH and JFG RE recommend the approval of the Schemes to JFG Securityholders;

(iv) **(orders convening meeting)** the Court orders the convening of the Share Scheme Meeting;

(v) **(JFG Securityholders' approval)** JFG Securityholders approve the Schemes at the Share Scheme Meeting and Unit Scheme Meeting;

(vi) **(regulatory approvals)** all relevant regulatory approvals are obtained to allow the Schemes to be implemented in accordance with applicable law;

(vii) **(ASX Quotation)** the New Mirvac Securities are accepted for quotation and trading on a deferred settlement basis from the business day next following the Effective Date by ASX;

(viii) **(Mirvac representations and warranties)** certain representations and warranties of Mirvac set out in the Merger Implementation Agreement remain materially true and correct;

(ix) **(JFG representations and warranties)** certain representations and warranties of JFG set out in the Merger Implementation Agreement remain materially true and correct;

(x) **(no JFG material adverse change)** no matters, events or circumstances occur or are announced which, taken together, have, or could reasonably be expected to have, an adverse effect on the fair market value of JFG by more than $75 million (except where this occurs as a result of acts or omissions required under the Merger Implementation Agreement or the Schemes or as disclosed before the date of the Merger Implementation Agreement);

(xi) **(no Mirvac material adverse change)** no matters, events or circumstances occur or are announced which, taken together, have, or could reasonably be expected to have, an adverse effect on the fair market value of Mirvac by more than $250 million (except where this occurs as a result of acts or omissions required under the Merger Implementation Agreement or the Schemes or as disclosed before the date of the Merger Implementation Agreement);

(xii) **(no JFG Prescribed Occurrence)** no Prescribed Occurrence occurs in relation to JFG, except as required or contemplated by the Merger Implementation Agreement or the Schemes or as approved in writing by Mirvac;

(xiii) **(no Mirvac Prescribed Occurrence)** no Prescribed Occurrence occurs in relation to Mirvac, except as required or contemplated by the Merger Implementation Agreement or the Schemes or as approved in writing by JFG;

(xiv) **(no JFG acquisition, disposal or distribution)** JFG does not (except as agreed in writing by Mirvac):

(a) acquire or dispose of (or agree to acquire or dispose of) an asset for an amount in excess of $25 million other than in the ordinary course of business; or

(b) declare, announce or make a capital distribution or pay a dividend or distribution other than the distribution of up to $0.1225 per JFG Security in respect of the period ending 31 December 2004 as agreed between JFG and Mirvac;

(xv) **(no Mirvac acquisition, disposal or distribution)** Mirvac does not (except as agreed in writing by JFG):

(a) acquire or dispose of (or agree to acquire or dispose of) an asset for an amount in excess of $250 million other than in the ordinary course of business; or

(b) declare, announce or make a capital distribution or pay a dividend or distribution other than the distribution of up to $0.083 per Mirvac Security in respect of the period ending 31 December 2004 as agreed between Mirvac and JFG;

(xvi) **(no Insolvency Event)** no Insolvency Event occurs in relation to JFG or Mirvac;

(xvii) **(no takeover or merger of Mirvac)** if a Mirvac Competing Proposal is announced prior to the holding of the Share Scheme Meeting, both of the following occur:

(a) a majority of the directors of Mirvac Limited and Mirvac RE announce prior to the Share Scheme Meeting that they recommend to Mirvac Securityholders to reject the Mirvac Competing Proposal and do not withdraw such recommendation before the Share Scheme Meeting; and

(b) a person who announced the Mirvac Competing Proposal either alone or together with that person's associates has not acquired a relevant interest in more than 20 per cent of Mirvac Securities;

(xviii) **(termination of obligations to issue JFG Securities)** Mirvac is reasonably satisfied that any rights granted to any person to be issued JFG Securities (including pursuant to the JFG Options) have been or will be terminated by no later than the Effective Date; and

(xix) **(third party consents)** JFG has obtained necessary consents or waivers from third parties in relation to material agreements to which JFG is a party as notified in writing to JFG at or prior to the execution of the Merger Implementation Agreement.

Each condition is deemed to have been fulfilled unless a party gives notice to the other parties of the non-fulfilment of the condition on or before 8.00 am on the Court Approval Date.

If a condition is not satisfied or waived, the parties will consult in good faith to determine whether the Proposal may proceed by way of alternative means or methods and may agree to (but shall not be obliged to) extend the relevant dates for satisfaction of the conditions.

(b) JFG's obligations

Under the Merger Implementation Agreement, JFG is under a general obligation to use its best endeavours to give effect to the Schemes, to do all things within its power as may be necessary or expedient on its part to give effect to the Schemes and not to do anything which is inconsistent with obtaining Court approval for the Share Scheme.

JFG must also:

– prepare the explanatory memorandum for the Schemes (in consultation with Mirvac) in accordance with applicable law, provide a draft of the explanatory memorandum to ASIC for review and registration and dispatch a copy of the explanatory memorandum to each JFG Securityholder and to all other persons entitled to receive notice of the Meetings;
– commission the preparation of the Independent Expert's Report and provide to the Independent Expert all information reasonably requested by the Independent Expert to enable the preparation of the report;
– prepare all Court documents required in connection with the Schemes (in consultation with Mirvac) and apply to the Court for orders under section 411(1) of the Corporations Act to convene the Share Scheme Meeting and under section 411(4) of the Corporation Act for approval of the Share Scheme;
– apply for any regulatory approvals required to implement the Schemes;
– lodge with ASIC a copy of the Court order under section 411(4) of the Corporations Act approving the Share Scheme as soon as practical after such order is made;
– register the transfers of the Scheme Shares and Scheme Units to Mirvac in accordance with the Schemes and provide all information in relation to Scheme Participants to Mirvac to enable Mirvac to provide the Scheme Consideration to the Scheme Participants; and
– not, without Mirvac's written consent (not to be unreasonably withheld), announce, pay or make any dividend or distribution other than the distribution of up to $0.1225 per JFG Security in respect of the period ending 31 December 2004 as agreed between Mirvac and JFG or do any act or thing which would result in a Prescribed Occurrence occurring in relation to JFG (except as expressly permitted under the Merger Implementation Agreement or the Schemes).

(c) Mirvac's obligations

Mirvac is under a general obligation to use its best endeavours to give effect to the Schemes, to do all things within its powers as may be necessary or expedient to implement the Schemes and not to do anything which is inconsistent with obtaining Court approval for the explanatory memorandum.

Mirvac must also:

– provide the information relating to Mirvac to be included in the explanatory memorandum relating to the Schemes as required by applicable law to JFG and consult with JFG on the form and content of the explanatory memorandum;
– provide to the Independent Expert all information reasonably requested by the Independent Expert to enable the preparation of the Independent Expert's Report;
– apply for any regulatory approvals required to implement the Schemes;
– ensure that it is represented at the Court hearing to approve the Share Scheme and, if requested by the Court, provide undertakings to do all things necessary to fulfil its obligations under the Merger Implementation Agreement, the Deed Poll and the Schemes;
– execute the Deed Poll in favour of Scheme Participants and a deed poll in favour of the officers of JFG;
– apply to ASX for the New Mirvac Securities to be quoted on ASX;

- register the Scheme Participants as the holders of the New Mirvac Securities to which they are entitled under the Schemes, provide the Scheme Consideration to the Scheme Participants on the Implementation Date and issue holding statements in respect of the New Mirvac Securities;
- appoint Mr Greg Paramor and two non-executive directors of JFG (as nominated by JFG) to the boards of Mirvac Limited and Mirvac RE and offer to appoint Mr Greg Paramor as managing director of Mirvac and Mr Nicholas Collishaw as CEO-Investments division of Mirvac following implementation of the Proposal;
- consult with JFG in relation to the retention of key JFG executives and the future employment of the present employees of JFG;
- not, without JFG's written consent (not to be unreasonably withheld), announce, pay or make any dividend or distribution other than the distribution of up to $0.083 per Mirvac Security in respect of the period ending 31 December 2004 as agreed between Mirvac and JFG or do any act or thing which would result in a Prescribed Occurrence occurring in relation to Mirvac (except as expressly permitted under the Merger Implementation Agreement or the Schemes);
- procure that the Cash Out Facility is offered to JFG Securityholders; and
- subject to implementation of the Schemes, procure that the responsible entities of the James Fielding Retail Fund, James Fielding Industrial Fund and the James Fielding Retail Portfolio offer to purchase for cash eligible units under the liquidity facilities referred to in Section 12.7(d) on terms consistent with the redemption offer and procure that such consideration is paid to accepting holders of those units, and discuss and determine in good faith whether Mirvac Securities can be offered in substitution for JFG Securities under the liquidity facilities in compliance with applicable law (provided that this does not require the issue of a product disclosure statement or prospectus or the approval of Mirvac Securityholders).

(d) Recommendation and no shop

As the Independent Expert has concluded that the Schemes are in the best interest of JFG Securityholders, JFG is under an obligation under the Merger Implementation Agreement to use its best endeavours to procure that JFG directors recommend the Proposal in the absence of a bona fide alternative offer which, in their view, must be recommended in preference to the Proposal or another reason which under applicable law requires the JFG directors not to recommend the Proposal. As noted in Section 1.7, the JFG directors unanimously recommend that JFG Securityholders vote in favour of the Resolutions, in the absence of a superior proposal.

Under the Merger Implementation Agreement, JFG has agreed not to solicit or initiate a JFG Competing Proposal. JFG has also agreed not to furnish any information to any person to facilitate the making of a JFG Competing Proposal which has been solicited or initiated by JFG. However, this obligation does not apply where the JFG directors have determined in good faith after consultation with its financial advisers and outside legal counsel that a JFG Competing Proposal is superior to the Proposal having regard to the interests of JFG Securityholders. Further, both of these obligations do not apply if that would require any JFG director to act in breach of his duties as a director.

(e) Court appeals

If the Court refused to make an order pursuant to section 411(1) of the Corporations Act to convene the Share Scheme Meeting, JFG and Mirvac must consult in good faith as to whether or not to appeal the Court's decision having regard to the advice of legal counsel. There is no obligation on the parties to appeal the decision. The costs of any such appeal shall be borne by JFG and Mirvac in equal shares unless agreed otherwise.

(f) Conduct of business

Until the Effective Date, Mirvac and JFG must conduct their businesses only in, and not take any action except in, the ordinary course except with the written consent of the other parties to the Merger Implementation Agreement.

(g) Representations and Warranties

Under the Merger Implementation Agreement, each of JFG and Mirvac provide certain standard representations and warranties to each other in relation to the execution and performance of their respective obligations under the Merger Implementation Agreement.

In addition to these warranties, each party also represent and warrant to each other that:

- to its knowledge, no resolutions have been passed nor have legal proceedings been commenced for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets which is likely to be successful having regard to its financial position and no regulatory action of any nature has been taken or threatened in writing by a regulatory authority which would prevent, inhibit or otherwise have a material adverse affect on its ability to fulfil its obligations under the Merger Implementation Agreement;

- it has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licences, permits and franchises necessary for it to conduct its businesses as presently being conducted;
- it is not in any material default under any material document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute a material event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect;
- the information prepared by it and included in the Explanatory Memorandum is, as at the date that it is provided to JFG Securityholders not misleading or deceptive in any material respects (including because of any material omission) and complies in all material respects with applicable law; and
- it has not relied on any representations, warranties, statements or information whether oral or in writing other than the representations contained in the Merger Implementation Agreement.

JFG also represents and warrants to Mirvac that as at the Court Approval Date the only securities that JFG has issued or agreed to issue are the JFG Securities and JFG Options on issue at the date of the agreement and JFG is under no obligation to issue any other securities at any time in the future.

(h) Termination

The Merger Implementation Agreement may be terminated prior to the time that the Court makes orders approving the Share Scheme if:

- the conditions cannot be satisfied by the time required under the Merger Implementation Agreement and have not previously been waived;
- the Implementation Date has not occurred by 31 March 2005, unless extended by agreement of the parties;
- a party is in material breach of a material term of the Merger Implementation Agreement (other than certain representations and warranties) taken in the context of the Schemes as a whole, at any time from the date of the Merger Implementation Agreement to the Court Approval Date and such breach is not remedied within seven business days after that party is given notice of the breach; or
- a material adverse change of a type referred to in Section 10.3(a)(x) or (xi) above occurs in relation to a party and certain other conditions are satisfied.

(i) Reimbursement of JFG costs

In recognition of the costs incurred by JFG in connection with the Proposal, Mirvac must pay JFG an estimate of those costs in the amount of $4 million if, at any time before the holding of the Share Scheme Meeting, a Mirvac Competing Proposal is announced and the majority of directors of Mirvac Limited and Mirvac RE do not reject the Mirvac Competing Proposal by the time of the Share Scheme Meeting.

However, Mirvac will not be required to pay this amount to JFG to the extent that such payment involves, involved or would involve a breach of their fiduciary or other legal duties or would be unlawful or enforceable on any other basis or the Takeovers Panel makes an order against such payment.

(j) Reimbursement of Mirvac costs

In recognition of the costs incurred by Mirvac in relation to the Proposal, JFG must pay Mirvac an estimate of those costs in the amount of $4 million if, at any time before the Share Scheme Meeting or, where the Schemes are approved by JFG Securityholders, before the first to occur of the Effective Date and 31 March 2005, a JFG Competing Proposal is announced or becomes open for acceptance and a majority of directors of JFG withdraw their recommendation of the approval of the Schemes or a majority of directors of JFG recommend that JFG Competing Proposal.

However, JFG is not required to pay this amount to Mirvac where such payment involves, involved or would involve a breach of their fiduciary or other legal duties, or would be unlawful or unenforceable on any other basis or the Takeovers Panel makes an order against such payment.

(k) Stamp duty

Under the Merger Implementation Agreement, Mirvac agrees to pay all stamp duty payable in respect of the implementation of the Schemes.

10.4 Classes of members affected by the Schemes

The class of members affected by:

(a) the Share Scheme is all holders of JFH Shares; and

(b) the Unit Scheme is all holders of JFT Units,

as at the Record Date.

The effect of the Schemes on JFG Securityholders is that each JFG Securityholder as at the Record Date will cease to be a holder of, or have any interest in, JFG Securities in return for receiving the Scheme Consideration, and dealings in JFG Securities will not be permitted after the Effective Date although the process to register dealings that took place on or before the Effective Date will continue until the Record Date.

For the purposes of establishing who is entitled to participate in the Schemes, dealings in JFG Securities will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered as the holder of the relevant JFG Securities at the Record Date; and

(b) in all other cases, if registrable transmission applications or transfers in respect of those dealings are received before 7.00 pm (AEDST) on the Record Date by the JFG Registry.

Subject to the Corporations Act, ASX Listing Rules, and the Constitutions of JFH and the JF Trust, JFG must register transmission applications or transfers of the kind referred to in paragraph (b) above by the Record Date.

JFG will not accept for registration or recognise for any purposes any transfer or transmission application in respect of JFG Securities received after the Record Date.

All statements of holding of JFG Securities will cease to have any effect from the Record Date as documents of title in respect of such JFG Securities. As from the Record Date, each entry current at that date on the Register will cease to be of any effect other than as evidence of entitlement to consideration in respect of the JFG Securities relating to that entry.

10.5 Meetings

On 12 November 2004, the Court ordered that the Share Scheme Meeting be convened to consider the Share Scheme.

On the same date as the Share Scheme Meeting is held, the Unit Scheme Meeting will be convened to consider the Unit Scheme Resolutions and the De-stapling Resolution, and the General Meeting will be convened to consider the De-stapling Resolution.

These Meetings are to be held on 17 December 2004 at Rydges Jamison, 11 Jamison Street, Sydney. The Share Scheme Meeting will commence at 11.00 am (AEDST). The Unit Scheme Meeting will commence immediately following the close of the Share Scheme Meeting, but not before 11.30 am. The General Meeting will commence immediately following the close of the Unit Scheme Meeting, but not before 11.45 am.

The notices convening these meetings are set out in Annexures 3, 4 and 5 of this Explanatory Memorandum.

For actions to be taken by JFG Securityholders who propose to attend and vote at the Meetings or to appoint a proxy to attend and vote on the securityholder's behalf, see Section 3.

10.6 Resolutions and majorities required

The following Resolutions are required to be passed by the requisite majorities for the Proposal to proceed. The Resolutions must be passed by JFG Securityholders in their capacity as either JFH Shareholders or JFT Unitholders (as applicable). The Proposal will not proceed unless all of the Resolutions are passed.

(a) JFH resolutions

The resolutions to be approved by JFG Securityholders in their capacity as JFH Shareholders are described below.

(i) Share Scheme Resolution

At the Share Scheme Meeting, JFH Shareholders must pass a resolution to approve the terms of the Share Scheme. A copy of the Share Scheme is set out in Annexure 2.

In order for the Share Scheme Resolution to be passed:

– a majority in number (more than 50 per cent) of JFH Shareholders present and voting at the Share Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate JFH Shareholders, by a corporate representative); and

- at least 75 per cent of the total number of votes cast on the Share Scheme Resolution at the Share Scheme Meeting by members entitled to vote on the resolution,

must be in favour of the Share Scheme Resolution.

(ii) De-stapling Resolution

As part of the Proposal it will be necessary to allow for the JFH Shares to be de-stapled from the JFT Units. The purpose of this change is to allow Mirvac Limited to acquire all of the JFH Shares without acquiring the corresponding JFT Unit, which will then be acquired by the Mirvac Trust under the Unit Scheme.

The De-stapling Resolution must be approved as a special resolution that has been passed by at least 75 per cent of the total number of votes cast on the De-stapling Resolution at the General Meeting by members entitled to vote on the resolution.

(b) JF Trust resolutions

The resolutions to be approved by JFG Securityholders in their capacity as JFT Unitholders are described below.

(i) Amendment of Trust Deed – Unit Scheme

It is necessary to amend the trust deed of the JF Trust in order to implement the Unit Scheme component of the Proposal (ie in exchange for the transfer to the Mirvac Trust of all of the Scheme Units held by Scheme Participants, Mirvac Trust will issue New Mirvac Units to Scheme Participants as part of the Unit Scheme Consideration). The amendments authorise JFG RE to do all things which it considers necessary or desirable for the purposes of giving effect to the Unit Scheme.

A copy of the supplemental deed which will give effect to the amendments to the trust deed is contained in Annexure 6.

The change to the trust deed (by adoption of a supplemental deed) must be approved as a special resolution that has been passed by at least 75 per cent of the total number of votes cast on the resolution at the Unit Scheme Meeting by members entitled to vote on the resolution.

(ii) De-stapling Resolution

As noted above, it will be necessary to allow for the JFH Shares to be de-stapled from the JFT Units to allow Mirvac RE to acquire all of the JFT Units without acquiring the corresponding JFH Share, which will be acquired by Mirvac Limited under the Share Scheme.

The De-stapling Resolution must be approved as a special resolution that has been passed by at least 75 per cent of the total number of votes cast on the resolution at the Unit Scheme Meeting by members entitled to vote on the resolution.

(iii) Approval of acquisition of JFT Units by Mirvac Trust

In addition to the resolutions noted above, JFT Unitholders must approve the acquisition by the Mirvac Trust of all the JFT Units held by JFG Securityholders as at the Record Date pursuant to an ordinary resolution of JFT Unitholders under item 7 of section 611 of the Corporations Act.

An ASIC modification in respect of this requirement has been obtained and is described in Section 11.16. No votes may be cast in favour of the resolution by Mirvac RE or its associates.

The approval of the acquisition of JFT Units by the Mirvac Trust must be approved by at least 50 per cent of the total number of votes cast on the resolution at the Unit Scheme Meeting by members entitled to vote on the resolution.

10.7 How to vote

Details on how to vote are set out in Section 3.

11 Additional information regarding JFG

11.1 JFG Directors

The JFG Directors in office at the date of lodgement of this Explanatory Memorandum for registration by ASIC are:

Name	Position
James A C MacKenzie	Non – executive Chairman
Gregory J Paramor	Managing Director
Nicholas R Collishaw	Head of Property
Timothy J Regan	Chief Operating Officer
James T Dominguez	Non – executive Director
John C Elvy	Non – executive Director
Robert T Summerton	Non – executive Director
Richard W Turner	Non – executive Director

11.2 JFG Directors' recommendation

The JFG Directors unanimously recommend that JFG Securityholders vote in favour of the Resolutions, in the absence of a superior proposal.

The JFG Directors have considered the advantages and disadvantages of the Proposal and believe that the Proposal is in the best interest of JFG Securityholders, in the absence to a superior proposal.

An assessment of the Proposal is set out in Section 4.

11.3 How the JFG Directors intend to vote

Each JFG Director who holds JFG Securities, or on whose behalf JFG Securities are held, intends to vote in favour of the Resolutions. Details of the numbers of JFG Securities held by or on behalf of JFG Directors are set out in Section 11.5.

11.4 JFG Directors' intentions in relation to JFG

If the Proposal is implemented and the board of directors of JFG is reconstituted by Mirvac, it is for the reconstituted board to determine its intentions as to:

(a) the continuation of the business of JFG;

(b) any major changes to be made to the business of JFG and the redeployment of fixed assets of JFG; and

(c) the future employment of the present employees of JFG.

The current intentions of Mirvac with respect to these matters are set out in Section 5.2.

If the Proposal is not implemented, the JFG Directors currently intend to continue the business of JFG and do not currently intend to make any major changes to the business of JFG, whether in respect of the redeployment of its assets or the future employment of the present employees of JFG or otherwise.

11.5 JFG Securities and Mirvac Securities held by or on behalf of JFG Directors

No marketable securities in JFG or Mirvac are held by or on behalf of any JFG Director, or to which that person is otherwise entitled, as at the time of lodgement of this Explanatory Memorandum with ASIC for registration, other than the following:

Name	Number of JFG Securities held by or on behalf of the director	Number of JFG Options held by or on behalf of the director	Number of Mirvac Securities held by or on behalf of the director
James MacKenzie	51,135	20,000	Nil
Gregory Paramor	6,471,260	860,000	Nil
Nicholas Collishaw	994,838	800,000	Nil
Timothy Regan	608,900	720,000	Nil
James Dominguez	73,782	20,000	Nil
John Elvy	Nil	Nil	Nil
Robert Summerton	50,000	20,000	Nil
Richard Turner	68,213	20,000	Nil

11.6 Payments or other benefits to JFG Directors and others

Except as set out elsewhere in this Explanatory Memorandum, it is proposed that no payment or other benefit be made or given to any director, secretary or executive officer of JFG or of any related body corporate as compensation for loss of, or as consideration for or in connection with his or her retirement from, office as director, secretary or executive officer of JFG or of a related body corporate, as the case may be, as a result of the Proposal.

11.7 Other agreements or arrangements with JFG Directors

Except as set out below or elsewhere in this Explanatory Memorandum, there is no agreement or arrangement made between any JFG Director and another person in connection with or conditional on the outcome of the Proposal:

(a) Gregory Paramor will be invited by Mirvac to join the Boards of Directors of Mirvac Limited and Mirvac RE. Mr Paramor has also agreed to be Mirvac's managing director. Further details are set out in Section 5.7.

(b) Nicholas Collishaw will become the CEO of Mirvac's Investment division. The terms of Mr Collishaw's employment are still to be agreed between Mirvac and Mr Collishaw.

(c) James MacKenzie and Richard Turner will be invited by Mirvac to join the Boards of Directors of Mirvac Limited and Mirvac RE. Further details are set out in Section 5.7.

(d) Mirvac has agreed to lend certain amounts to executive JFG Directors who hold JFG Options and JFG ESP Securities. Further details are set out in Section 12.7.

(e) JFG has agreed to extend the loan term for executive JFG Directors who hold JFG ESP Securities. Further details are set out in Section 12.7.

(f) Mirvac has executed the deed poll in favour of JFG officers as required under the Merger Implementation Agreement. Further details are set out in Section 12.7(c).

11.8 Interests of JFG Directors in contracts entered into by Mirvac

Except as set out below or elsewhere in this Explanatory Memorandum, none of the JFG Directors is interested in any contract entered into by Mirvac:

(a) Gregory Paramor will be invited by Mirvac to join the Boards of Directors of Mirvac Limited and Mirvac RE. Mr Paramor has also agreed to be Mirvac's managing director. Further details are set out in Section 5.7.

(b) Nicholas Collishaw will become the CEO of Mirvac's Investment division. The terms of Mr Collishaw's employment are still to be agreed between Mirvac and Mr Collishaw.

(c) James MacKenzie and Richard Turner will be invited by Mirvac to join the Board of Directors of Mirvac Limited and Mirvac RE. Further details are set out in Section 5.7.

(d) Mirvac has agreed to lend certain amounts to executive JFG Directors that hold JFG Options and JFG ESP Securities. Further details are set out in Section 12.7.

(e) Mirvac has executed the deed poll in favour of JFG officers as required under the Merger Implementation Agreement. Further details are set out in Section 12.7(c).

11.9 Material changes in financial position of JFH

There has been no material change, within the knowledge of each of the JFG Directors, in the financial position of JFH since 28 October 2004, the date the last balance sheet laid before JFH in general meeting in accordance with section 317 of the Corporations Act other than as disclosed in announcements to ASX.

11.10 JFG Distribution Reinvestment Plan

The JFG board of directors has suspended the operation of the JFG Distribution Reinvestment Plan with effect from 21 October 2004. This means that no JFG Securities will be issued under that plan in relation to distributions made on or after that date.

11.11 How to find out number of New Mirvac Securities to be issued to Scheme Participants

To find out the number of New Mirvac Shares and New Mirvac Units to be issued to each Scheme Participant, multiply the number of Scheme Securities held by that Scheme Participant by 0.73, then round up the result to the nearest whole number.

11.12 Creditors of JFG

The Proposal will not affect the interests of creditors of JFG. No new liabilities will be incurred by JFG (other than the extension of the loan term for JFG ESP participants described in Section 12.7) and there will be no other outflow of funds from JFG (other than any payment required to be made by JFG under the terms of the Merger Implementation Agreement) under or by reason of the Proposal.

11.13 Suspension of trading and de-listing of JFG Securities

If the Court approves the Share Scheme, JFG will immediately notify the ASX. It is expected that suspension of trading on the ASX in JFG Securities will occur at the close of business on the Effective Date.

If the Schemes become effective, Mirvac will cause JFG to apply for termination of official quotation of JFG Securities on ASX, and removal of JFG from the official list of ASX, after the Schemes have been fully implemented, including after Mirvac has become the registered holder of all JFG Securities.

11.14 Distribution forecast

The Explanatory Memorandum refers to a distribution forecast (pre Proposal) of 12.25 cents per JFG Security for the six months ending 31 December 2004. This has been made by JFG having regard to the status of JFG's current investments, prospects and cashflows.

No earnings forecast has been made because, as at the date of lodging this Explanatory Memorandum with ASIC for registration, the JFG Directors have no reasonable basis for preparing an earnings forecast. This is due to the nature of JFG's business and the uncertainty regarding the realisation and recognition of development profits. JFG Securityholders are referred to the Important Notices section in this Explanatory Memorandum which contains important information about forward looking statements.

11.15 Stamp duty

Any stamp duty payable on the transfer of the JFG Securities to Mirvac will be paid by Mirvac.

11.16 ASIC matters

ASIC has granted a modification of item 7 of section 611 of the Corporations Act so that all JFT Unitholders (except for Mirvac RE and its associates) may vote on the Unit Scheme Resolution to approve the acquisition of all JFT Units by Mirvac RE under the Unit Scheme for the purposes of item 7 of section 611 of the Corporations Act.

ASIC has granted a modification of section 601FC to enable Foreign Securityholders to be treated in accordance with this Explanatory Memorandum.

11.17 Other information material to decision in relation to Schemes

There is no information material to the making of a decision in relation to the Schemes, being information that is within the knowledge of any JFG Director or director of any related bodies corporate, at the time of lodging this Explanatory Memorandum with ASIC for registration which has not previously been disclosed to the members of JFG other than information set out in this Section or elsewhere in this Explanatory Memorandum.

JFG has a number of agreements with counterparties, including joint venture agreements, that contain provisions which give the counterparty certain rights on the occurrence of a change in control of JFG. Those rights will be triggered by the Proposal. The rights include rights to terminate the agreement and rights to acquire JFG's interest in the subject matter of the agreement. JFG is currently in discussions with the relevant counterparties regarding those rights. JFG believes that the prospects or financial performance of Mirvac following implementation of the Proposal would not be adversely affected to a material extent by a counterparty's exercise of any of those rights.

11.18 Formal disclosures

(a) Interests of advisers

Other than as set out in this Section or elsewhere in this Explanatory Memorandum, no person named in the Explanatory Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Explanatory Statement has, or in the last two years before the date of this Explanatory Memorandum has had, any interests:

- in the formation or promotion of JFG or Mirvac;
- in property acquired or proposed to be acquired by JFG or Mirvac in connection with their formation or promotion or the issue of JFG Securities or Mirvac Securities; or
- in the issue of JFG Securities or Mirvac Securities.

Other than as set out in this Section or elsewhere in this Explanatory Memorandum, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to such persons in connection with the preparation or distribution of the Explanatory Memorandum or in connection with the formation or promotion of JFG or Mirvac or the issue of JFG Securities or Mirvac Securities.

(b) JFG experts and fees

Deloitte Corporate Finance Pty Limited is entitled to a fee of $325,000 in connection with the preparation of its Independent Expert's Report in Section 7.

PricewaterhouseCoopers is entitled to a fee of approximately $135,000 in connection with the preparation of its Taxation Report in Section 8.

BG Capital Corporation Limited is entitled to receive professional fees of approximately $1.35 million in connection with its role as financial adviser to JFG on the Proposal.

(c) Consents and disclaimers

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- Deloitte Corporate Finance Pty Limited – as the Independent Expert;
- PricewaterhouseCoopers – as taxation advisers to JFG;
- BG Capital Corporation Limited – as financial adviser to JFG; and
- Computershare Investor Services Pty Limited – as the JFG Registry.

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to the inclusion of their respective statements and reports noted next to their names and the references to those statements and reports in the form and context in which they are included in this Explanatory Memorandum:

- Deloitte Corporate Finance Pty Limited – the Independent Expert's Report in Section 7; and
- PricewaterhouseCoopers – the Taxation Report in Section 8.

Each person referred to in this Section 11.18(c):

- does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to above next to that person's name as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this Section with that person's consent.

12 Additional information regarding Mirvac

12.1 Mirvac capital structure and substantial holders

Mirvac has issued Mirvac Securities, which consist of one unit in the Mirvac Trust stapled to one share in Mirvac Limited. At the time of lodging this Explanatory Memorandum with ASIC for registration there are 728,592,504 Mirvac Securities on issue.

If the Proposal is implemented it is anticipated that an additional 109,389,166 Mirvac Securities will be issued by way of Scheme Consideration. On this basis, the existing holders of Mirvac Securities will hold approximately 86.9 per cent of Mirvac's total issued capital and the existing holders of JFG Securities will hold approximately 13.1 per cent of Mirvac's total issued capital.

The disclosed substantial holders of Mirvac Securities at the time of lodging this Explanatory Memorandum with ASIC for registration are:

Name	Substantial holding[1]	% of Mirvac Securities[2]
Barclays Group	59,832,159	8.2
Macquarie Bank Limited	44,244,561	6.1
AMP Limited	39,412,915	5.4
National Australia Bank Limited Group	37,477,375	5.1
GMO Australia Limited	36,678,419	5.0

The disclosed substantial holders of JFG Securities at the time of lodging this Explanatory Memorandum with ASIC for registration are:

Name	Substantial holding[1]	% of JFG[3] Securities
Deutsche Bank	15,079,737	10.5
UBS Global Asset Management	14,299,501	10.0
Mirvac Limited	12,281,651[4]	8.6
Leighton Holdings Limited	9,954,030	6.9
HSBC Asset Management (Australia)	7,617,870	5.3
ING Australia Holdings Ltd	7,190,566	5.0

1. This information is based on substantial holding notices lodged with ASX as at 11 November 2004.
2. Based on the current number of Mirvac Securities on issue of 728,592,504.
3. Based on the current number of JFG Securities on issue of 143,607,662.
4. Refer to Section 12.6 for further information about this holding.

The table below estimates the substantial holdings that will exist when the Schemes take effect. The table assumes that there will be no changes in the holdings of these substantial holders either in Mirvac or JFG between the time of lodging this Explanatory Memorandum with ASIC for registration and the Implementation Date.

Name	Substantial holding[1]	% of Mirvac[2] Securities
Barclays Group	59,832,159	7.1
Macquarie Bank Limited	44,244,561	5.3

1. Based on substantial holdings disclosed to the ASX as at 11 November 2004. Does not include other holdings not disclosed to the ASX.
2. Based on assumed post Proposal Mirvac Securities of 837,981,670.

12.2 Mirvac DRP

The Mirvac DRP provides holders of Mirvac Securities with a method of reinvesting all or part of their dividends and income distributions in additional Mirvac Securities.

The main features of the Mirvac DRP are:

(a) Participation

Mirvac Securityholders may elect to participate in the Mirvac DRP in respect of all or part of their holding. Applications which do not indicate the level of participation shall be deemed to be an application for full participation. A securityholder may vary their level of participation or withdraw from the Mirvac DRP by notice to the Mirvac security registrar.

(b) Entitlement

Participating securityholders are entitled on each distribution payment date to be allotted a whole number equal or nearest to the number of stapled securities (subject to the deduction of withholding tax and other amounts) which the cash distribution on participating Mirvac Securities would purchase at the issue price. The issue price will be determined by the five day average volume weighted average price for fully paid stapled securities traded on ASX for the five trading days immediately preceding and inclusive of the books closing date, less a discount not exceeding five per cent. Any residual balance left over after the Mirvac Securities have been allotted under the Mirvac DRP will either be paid to the participant or carried forward to the next distribution entitlement.

Since the year 2000, the discount applicable to the issue of Mirvac Securities under the Mirvac DRP has been two per cent. The applicable discount is reviewed by the Mirvac directors prior to each distribution and, if a change is to be made to the applicable discount, holders of stapled securities are advised of the change.

(c) Allotments

Mirvac Securities issued under the Mirvac DRP will rank equally in every respect with existing fully paid Mirvac Securities and will participate in the Mirvac DRP in respect of subsequent distributions unless varied by the securityholder.

(d) Sales of Mirvac Securities

Mirvac Securities participating in the Mirvac DRP or Mirvac Securities allotted under the Mirvac DRP may be sold at any time.

(e) Costs

No brokerage, commissions, stamp duty or other transaction costs are payable under the Mirvac DRP.

(f) Listing

Application will be made for ASX quotation of the Mirvac securities issued under the Mirvac DRP.

(g) Stapling

The Mirvac DRP will only operate while stapling applies. Mirvac Shares and Mirvac Units may only be issued under the Mirvac DRP in identical numbers stapled together.

(h) Variation

The administrators of the Mirvac DRP have the right to modify, vary, suspend or terminate the Mirvac DRP.

12.3 Mirvac EIS

Mirvac has established the Mirvac EIS under which Mirvac Securities are issued to executives, employees and, with the prior approval of holders of Mirvac Securities, to executive directors.

The number of Mirvac Securities that have been issued under the Mirvac EIS since its inception is 32,161,654 such securities (representing 4.4 per cent of Mirvac's issued capital) of which 3,676,304 such securities have been issued to executive directors of Mirvac.

When the Proposal is implemented the executives and employees of JFG will be entitled to participate in the Mirvac EIS.

The following is a summary of the material terms and conditions of the Mirvac EIS.

- the Mirvac EIS provides for the issue of fully paid and partly paid Mirvac Securities and options to acquire Mirvac Securities together with loans to full time employees of Mirvac and associates of full time employees and executive directors of Mirvac;
- the Mirvac directors in their absolute discretion may determine which of the eligible persons will be offered the opportunity to participate in the Mirvac EIS;

- Mirvac Securities may be issued as fully paid or partly paid. The issue price of Mirvac Securities must not be less than 92.5 per cent of the market value of the Mirvac Security and not greater than the market value of the Mirvac Security;
- the Mirvac directors may impose restrictions on the transfer of Mirvac Securities issued under the Mirvac EIS;
- the Mirvac directors may grant options under the Mirvac EIS to acquire Mirvac Securities at an exercise price not less than 92.5 per cent of the market value of Mirvac Securities and not greater than the market value of Mirvac Securities at the date of the grant of the option. The options must be exercised within five years of being granted and they may be exercised in whole or in part. The Mirvac directors may also impose performance hurdles to be achieved before an option may be exercised;
- at any time the total number of Mirvac Securities issued during the previous five years under the Mirvac EIS must not exceed five per cent of the total number of Mirvac Securities on issue; and
- loans may be made to eligible employees in respect of fully paid Mirvac Securities only. The Mirvac directors are given a discretion to set the terms of the loan which may be at a less than commercial rate of interest or interest free, on a secured or unsecured basis, and which may provide that the total amount of principal repayable under the loan is limited to the proceeds of the sale of the Mirvac Securities acquired with the loan (less any costs of sales) and any dividends or distributions paid on the Mirvac Securities acquired with the loan must be applied towards repayment of interest, if any, and the principal of the loan.

At present the loans under the Mirvac EIS to employees and executive directors are interest free. Loans to Mirvac executive directors made since 2002 are full recourse. The Mirvac Securities issued under the Mirvac EIS to date are not issued at a discount. Currently 68 per cent of any distribution paid on the Mirvac Securities acquired with the loan (being the approximate effective after tax receipt) must be applied in reduction of the loan balance. The balance of the distribution is retained by the participant to cover anticipated taxation liabilities in respect of the distribution.

12.4 Litigation

No entity within Mirvac is currently a party to any material litigation.

12.5 Mirvac Directors' interests and benefits

(a) Other than as referred to in this Explanatory Memorandum, no Mirvac Director, and no firm in which a Mirvac Director is a partner, holds, or held at any time during the last two years before the time of lodgement of this Explanatory Memorandum with ASIC for registration, any interest (other than an interest in common with other holders of Mirvac securities) in:

- the formation or promotion of Mirvac;
- any property acquired or proposed to be acquired by Mirvac in connection with its formation or promotion or in connection with the Proposal, or
- the Scheme,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given by Mirvac to any Mirvac Director or proposed director of Mirvac:

- to induce them to become, or to qualify them as, a director of Mirvac; or
- for services rendered by them in connection with the formation or promotion of Mirvac or in connection with the Scheme.

(b) The table below shows the interest of each Mirvac Director (whether held directly of indirectly) in securities of Mirvac and JFG as at the time of lodgement of this Explanatory Memorandum with ASIC for registration:

Director	Mirvac Securities	JFG Securities
Adrian J Lane	67,649	Nil
Robert J Hamilton	3,199,560	Nil
Paul J Biancardi	7,000	Nil
Dennis J Broit	1,058,405	Nil
Anna Buduls	8,255	Nil
Roger A Fortune	1,142,631	Nil
Geoffrey H Levy	36,282	Nil
Robert J Webster	13,159	Nil

Mirvac Directors may hold the relevant interests in securities shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

12.6 Mirvac's relevant interest in JFG Securities

This section contains information about the relevant interests that Mirvac and its associates have had in JFG Securities commencing from the period four months before the date of lodgement of the Explanatory Memorandum with ASIC for registration.

At the time of lodging the Explanatory Memorandum with ASIC for registration, neither Mirvac nor any of its associates holds any JFG Securities nor are any such securities held on their behalf. Neither Mirvac nor any of its associates have held any such securities (nor have any such securities been held on their behalf) at any time during the four month period prior to the date of lodgement of this Explanatory Memorandum with ASIC for registration.

However, Mirvac has entered into:

– a deed dated 14 October 2004 with Leighton Holdings Limited in respect of 9,954,030 JFG Securities held by Leighton Holdings Limited; and

– a deed dated 14 October 2004 with Tower Trust Limited in respect of 2,327,621 JFG Securities held by Tower Trust Limited.

Each of these deeds contains materially the same terms which are summarised below.

Following these deeds being executed, Mirvac, on 14 October 2004, lodged with ASX a substantial holding notice in respect of JFG in which it disclosed that it had a relevant interest in 12,281,651 JFG Securities. A copy of each deed was attached to the substantial holding notice.

The material provisions of each deed are as follows:

– Leighton Holdings Limited and Tower Trust Limited agree not to dispose of their JFG Securities before 31 March 2005 except to Mirvac Limited;

– if a competing offer for JFG is made and the Merger Implementation Agreement is terminated or JFG and Mirvac agree not to proceed with the Proposal or the holders of JFG Securities do not pass the required resolutions to implement the Proposal, then Mirvac can for a period of 20 business days acquire from Leighton Holdings Limited and Tower Trust Limited the JFG Securities which are the subject of the deeds for an amount equal to the offer price under the competing offer; and

– if during the 18 month period following the acquisition of the JFG Securities from Leighton Holdings Limited and Tower Trust Limited, pursuant to the deeds, Mirvac Limited disposes of such securities for a price in excess of the acquisition price then Mirvac Limited must account to Leighton Holdings Limited and Tower Trust Limited for the excess.

12.7 Benefits agreed to be given to JFG Securityholders during previous four months

Except as referred to in this Explanatory Memorandum, during the period beginning four months before the date of lodgement of this Explanatory Memorandum with ASIC for registration and ending the day before that date, neither Mirvac nor any associate of Mirvac gave, or offered to give or agreed to give a benefit to another person that is not available under the Proposal and was likely to induce the other person, or an associate of the other person, to:

– vote in favour of the Resolutions; or

– dispose of JFG Securities.

(a) Loans to JFG optionholders for exercise of EOP options

Subject to Court approval of the Share Scheme, Mirvac has agreed to provide each holder of JFG Options (other than non-executive directors of JFG) with a loan to fund the exercise price of all of the JFG Options (referred to below) and any taxation liability associated with the early exercise of JFG Options. The current holders of JFG Options (other than non-executive directors of JFG), and the number of JFG Options held are as follows:

Holder	JFG Options
Gregory Paramor	860,000
Nicholas Collishaw	800,000
Timothy Regan	720,000
Other staff	3,380,000
Total	**5,760,000**

Holders of JFG Options must exercise all of their JFG Options before the Record Date so that they can transfer the JFG Securities (issued as a consequence of such exercise) under the Proposal and receive the Scheme Consideration in the same way as JFG Securityholders. All JFG Options can be immediately exercised.

The amount of the loans expected to be provided to the holders of JFG Options is approximately $17 million. The provision of the loans will be on the following terms:

- the loans are repayable on the earlier of:
  - sale of the New Mirvac Securities received as Scheme Consideration;
  - the date when the JFG Options would otherwise have expired; or
  - if the borrower ceases to be employed by Mirvac or JFG after the Proposal is implemented;
- the loans will bear interest in an amount equal to the value of any distributions which the holders of the JFG Options receive on the New Mirvac Securities received as Scheme Consideration and Mirvac will apply that amount in payment of interest on the loans; and
- New Mirvac Securities which are issued to the holders of JFG Options in respect of JFG Securities issued to them on exercise of the JFG Options will provide the security for the loans.

(b) Loans to JFG ESP participants

Subject to Court approval of the Share Scheme, the JFG Board will before the Record Date waive or remove any restrictions on disposal of JFG ESP Securities under the JFG ESP (including any vesting period, performance conditions or otherwise) which currently apply under the JFG ESP so that holders can transfer those ESP Securities under the Proposal and receive the Scheme Consideration in the same way as other JFG Securityholders. The current holders of JFG ESP Securities, and the number of JFG ESP Securities held are:

Holder	JFG ESP Securities
Gregory Paramor	500,000
Nicholas Collishaw	681,743
Timothy Regan	429,045
Other staff	2,103,090
Total	**3,713,878**

Where the loan amount outstanding to JFG under a loan agreement is currently interest-free in relation to JFG ESP Securities, the continuing provision of the loans will be on the following terms:

- the holders of JFG ESP Securities agree to the amended loan terms as set out below;
- the loans are repayable on the earlier of:
  - sale of the New Mirvac Securities received as Scheme Consideration; and
  - the date the borrower ceases to be employed by Mirvac or JFG after the Proposal is implemented;
- the amount of the distribution (calculated in accordance with Mirvac's policy applying to the existing Mirvac EIS (see Section 12.3 for a summary)) on the New Mirvac Securities received by holders of JFG ESP Securities as Scheme Consideration will be applied by Mirvac to reduce the principal amount outstanding under the loans;
- New Mirvac Securities which are issued to the holders of JFG ESP Securities will provide the security for the loans.

Where the loan amount outstanding to JFG under a loan agreement is currently interest-bearing in relation to JFG ESP Securities, the continuing provision of the loans will be on the following terms:

- the loans are repayable on the earlier of:
  - sale of the New Mirvac Securities received as Scheme Consideration;
  - the date that the borrower ceases to be employed by Mirvac or JFG after the Proposal is implemented; and
  - 31 August 2015;
- the loans will bear interest in an amount equal to the value of any distributions which the holders of the JFG ESP Securities receive on the new Mirvac Securities received as Scheme Consideration and Mirvac will apply that amount in payment of interest on the loans;
- New Mirvac Securities which are issued to the holders of JFG ESP Securities will provide the security for the loans.

Mirvac will provide holders of JFG ESP Securities with an interest free loan sufficient to pay for any tax liability which arises as a result of those JFG ESP Securities being transferred under the Proposal. The loans will be repayable on the earlier of the sale of the New Mirvac Securities which holders of JFG ESP Securities receive as Scheme Consideration or the date the borrower ceases to be employed by Mirvac or JFG after the Proposal is implemented.

(c) Indemnity for JFG Directors and officers

Mirvac has executed a deed poll in favour of all JFG Directors and officers indemnifying them against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature that they suffer, incur or are liable for arising out of any breach by Mirvac of the Merger Implementation Agreement or, except to the extent that the

Explanatory Memorandum fails to disclose information in relation to JFG required under Part 5.1 of the Corporations Act, the Explanatory Memorandum failing to comply with Part 7.9 of the Corporations Act (as modified by ASIC) in respect of the New Mirvac Units.

(d) Liquifying facilities

JFG currently has obligations under liquidity facilities offered to unitholders in the James Fielding Retail Fund, the James Fielding Industrial Fund and the James Fielding Retail Portfolio to offer to redeem units in such funds on certain conditions for either JFG Securities or cash, at the discretion of the responsible entity of such funds. The liquidity facilities allow unitholders to redeem up to 30 per cent of their units each year, commencing in 2005 for the James Fielding Retail Fund (and 2006 for the James Fielding Industrial Fund and the James Fielding Retail Portfolio) based on the net tangible assets of the funds.

After the Proposal is implemented Mirvac intends that JFG will offer to redeem such units for cash (not JFG Securities) in accordance with the terms of such facilities.

12.8 Rights and liabilities attaching to Mirvac Securities

(a) Mirvac Shares

On 4 November 2004, the Mirvac Shareholders resolved to adopt a new constitution. A summary of the material provisions of the new constitution is set out below. A copy of the new constitution is available for inspection on the Mirvac website (www.mirvac.com.au) and a copy will be provided to any holder of JFG Securities who requests a copy before the Implementation Date. Requests can be made to the JFG Information Line on 1800 137 835.

Mirvac Securities

Each share in Mirvac Limited is stapled to one unit in the Mirvac Trust to form a Mirvac Security. While stapling applies, the number of issued shares must equal the number of issued Mirvac Units. The directors may not allot or issue a share or an option to acquire a Mirvac Share unless there is an issue at the same time of a Mirvac Unit on the same terms to the same person to form a Mirvac Security.

The directors and Mirvac must not do any act, matter or thing that would result directly or indirectly in any Mirvac Share no longer being stapled to an Mirvac Unit including the reorganisation of any Mirvac Shares unless at the same time there is a corresponding reorganisation of Mirvac Units so the person holding Mirvac Shares holds an equal number of Mirvac Units.

Share capital and variation of rights

The directors of Mirvac may issue or cancel shares, grant options over unissued shares, settle the manner in which fractional shares are to be dealt with, issue preference shares, issue redeemable preference shares or convert issued shares into preference shares in accordance with the Corporations Act, the listing rules and the Mirvac Limited constitution.

Transfer of shares

Mirvac Shares are transferable in accordance with the operating rules of any applicable CS Facility or by any other method of transfer required or permitted by the Corporations Act and ASX.

The directors may, or in specified circumstances must, request any applicable CS Facility operator to apply a holding lock to prevent a transfer of shares in Mirvac from being registered on the CS Facility operator's sub-register or refuse to register a transfer of shares in Mirvac. If the directors request a holding lock to prevent a transfer of shares in Mirvac or refuse to register the transfer of shares, the directors must give written notice to the holder of the shares, the transferee and any broker lodging the transfer.

A transfer of a share will only be accepted if the transfer relates to or is accompanied by a transfer or copy of a transfer of the Mirvac Unit to which the share is stapled in favour of the same transferee.

General meetings

Each Mirvac Shareholder is entitled to receive notice of and to attend and vote at general meetings of Mirvac. While stapling applies, the directors may convene a meeting of members in conjunction with a meeting of Mirvac Unitholders.

Voting

Resolutions are decided by a show of hands unless a poll is demanded. At a general meeting, each Mirvac Shareholder has one vote. On a poll, each Mirvac Shareholder has one vote for each fully paid share held by the shareholder. A Mirvac Shareholder may vote in person, by proxy, attorney or representative.

Directors

The number of directors of Mirvac must not be less than three nor more than ten (or any lesser number determined by the directors). In general meeting, Mirvac may increase or reduce the number of directors by resolution.

The constitution provides for the compulsory retirement of directors. Retiring directors are eligible for re-election. The remuneration of directors is a yearly sum not exceeding the sum determined from time to time in general meeting.

Subject to compliance with the Corporations Act regarding disclosure of and voting on matters involving material personal interests, directors of Mirvac may hold any office or place of profit in Mirvac or enter into any contract or arrangement with Mirvac despite the fiduciary relationship of the director's office without any liability to account to Mirvac for any direct or indirect benefit accruing to the director and without affecting the validity of any contract or arrangement.

Indemnity

To the extent permitted by law, Mirvac may indemnify any current or former director, secretary or executive officer of Mirvac, or a related body corporate of Mirvac, against every liability incurred by that person in that capacity, including legal costs incurred in defending or resisting proceedings in which the person becomes involved because of that capacity.

Mirvac may purchase insurance, to the extent permitted by law, insuring a person who is or has been a director, secretary or executive officer of Mirvac, or of a related body corporate of Mirvac, against any liability incurred by the person in that capacity. Mirvac may also enter into an agreement with any such person in respect of indemnity and insurance rights referred to above.

Dividends

Subject to the Corporations Act and the Mirvac Limited constitution, the directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment of such dividend. Dividends will be paid in proportion to the amounts paid on the Mirvac Shares, subject to any rights or restrictions attached to any Mirvac Shares.

The directors may declare or pay a dividend or distribution or delay the making of any such declaration or payment in order to ensure that the declaration of payment of any distribution to Mirvac Unitholders is made at the same time as a declaration or payment of a dividend or distribution by Mirvac.

Restricted securities

Restricted securities (as defined in the ASX Listing Rules) may not be disposed of during the escrow period except as permitted by the ASX or ASX Listing Rules. If a Mirvac Shareholder breaches the ASX Listing Rules in this respect or any Restriction Agreement, that shareholder is not entitled to any dividend or distribution, or voting rights, in respect of the restricted securities.

Winding up

If Mirvac is wound up, the liquidator may, with the sanction of a special resolution of Mirvac, divide among the members in kind the whole or any part of the property of Mirvac and set such value as it considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

Non-marketable parcels

If the directors determine that a Mirvac Shareholder holds less than a marketable parcel of Mirvac Shares (as defined in the ASX Listing Rules), Mirvac may give that member a divestment notice and invoke the procedure for the sale of those Mirvac Shares. If the Mirvac Shareholder advises Mirvac that it wishes to retain Mirvac Shares, Mirvac is not permitted to sell those shares. Mirvac may only invoke the power once in any 12 month period by giving the Mirvac Shareholder a divestment notice, unless the power is exercised after the close of offers under a takeover bid.

(b) Mirvac Units

Set out below is a summary of the material provisions of the constitution of Mirvac Trust. A copy of the constitution is available for inspection on the Mirvac website (www.mirvac.com.au) and a copy will be provided to any holder of JFG Securities who requests a copy before the Record Date. Requests can be made to the JFG Information Line on 1800 137 835.

Responsible entity

Mirvac RE is the responsible entity of Mirvac Trust.

Units

The beneficial interest in Mirvac Trust is divided into units. While stapling applies, Mirvac Units may only be consolidated or divided at the same time and to the same extent as Mirvac Shares. While stapling applies, the number of issued Mirvac Units at any time must equal the number of issued Mirvac Shares.

Transfer of units

Members may transfer Mirvac Units in the approved form. Subject to the ASX Listing Rules, Mirvac RE may refuse to record any transfer in the register without giving reason for the refusal. While stapling applies and subject to the ASX

Listing Rules and the Corporations Act, Mirvac RE must not register any transfer of Mirvac Units unless it is a single instrument of transfer of stapled securities.

Restricted securities (as defined in the ASX Listing Rules) may not be transferred during the applicable escrow period.

Application price

Mirvac Units must only be issued at an application price. The formula for the applicable application price will vary depending on the circumstances in which the units are issued, such as in the case of a rights issue, in the case of a placement of units, in the case of reinvestment of income or the issue of units as bid consideration.

While stapling applies, a Mirvac Security must only be issued at an application price equal to the weighted average market price of Mirvac Securities during the five business days immediately prior to the date on which or as at which the application price for the Mirvac Security is to be calculated. In this case, Mirvac RE must determine what part of the application price of a Mirvac Security is to represent the application price of the Mirvac Unit. This will be determined by the percentage that the net tangible assets of Mirvac Trust bears to the net tangible assets of Mirvac by reference to the last annual accounts of Mirvac Trust and Mirvac respectively.

Application for units

While stapling applies, an applicant for units must at the same time make an application for an identical number of Mirvac Shares. Mirvac RE may reject an application in whole or in part without giving reasons for the rejection. Mirvac RE may set a minimum application amount and a minimum holding for Mirvac Trust and alter or waive those amounts at any time.

Income and distributions to members

Mirvac RE may issue Mirvac Units on terms that such units participate fully, partly or not at all in the allocation of distributions. The amount of the distribution for a distribution period will be, unless Mirvac RE determines otherwise, based on the net income of Mirvac Trust calculated under the Tax Act.

At the end of each distribution period, a member is entitled to receive a distribution based on the amount standing to credit in the distribution account multiplied by the proportion of total Mirvac Units held by a member at the end of the distribution period.

Any realised capital gains of Mirvac Trust may be distributed to members by way of cash or other assets. For these purposes, additional units may be issued to members provided that while stapling applies, Mirvac RE may not make a distribution by way of bonus units unless at the same time the members are also issued with an identical number of Mirvac Shares.

Redemption

Mirvac RE is not obliged to redeem Mirvac Units.

Meetings of members

While stapling applies, meetings of members may be held in conjunction with meetings of holders of Mirvac Units. The provisions of the Corporations Act governing proxies and voting for meetings of members of registered managed investment schemes apply to Mirvac RE.

Rights and liabilities of Mirvac RE

Mirvac RE and its associates may hold units in Mirvac Trust and Mirvac Shares in any capacity. Subject to the Corporations Act, Mirvac RE is not restricted from dealing or being interested in any contract or transaction with itself, Mirvac or its directors or members or with any member of Mirvac Trust including acting in the same or similar capacity in relation to any other managed investment scheme or lending money to or borrowing money from or providing or receiving guarantees or security from Mirvac or any of their associates.

If Mirvac RE acts in good faith and without gross negligence it is not liable to members for any loss suffered in any way relating to Mirvac Trust. The liability of Mirvac RE to any person other than a member in respect of Mirvac Trust including contracts entered into as trustee of Mirvac Trust or Mirvac Trust's assets is limited to Mirvac RE's ability to be indemnified from the assets of Mirvac Trust.

Mirvac RE is entitled to be indemnified out of the assets of Mirvac Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to Mirvac Trust.

Remuneration and expenses of Mirvac RE

Mirvac RE is entitled in respect of each application for units in Mirvac Trust which it accepts to a fee of six per cent of the application money or value of the assets contributed to Mirvac Trust by an applicant for units.

Mirvac RE is also entitled to a management fee to the lesser of:

– 0.75 per cent per annum of the value of the assets of Mirvac Trust;

– 1.0 per cent per annum of the net asset value of Mirvac Trust, calculated on the last business day of each quarter and payable in arrears on the last business day of each quarter or such other times as Mirvac RE determines.

All expenses incurred by Mirvac RE in relation to the proper performance of its duties in respect of Mirvac Trust are payable or reimbursable out of the assets of Mirvac Trust to the extent that such reimbursement is not prohibited by the Corporations Act.

Termination

The Trust terminates on the earlier of:

– the 80th anniversary of Mirvac Trust;
– a date which the members determine by special resolution;
– the date of delisting; or
– any other date in accordance with any other provision of the Constitution or applicable law.

Winding up

Following termination the net proceeds of realisation, after making allowance for all liabilities of Mirvac Trust, meeting the expenses of the termination and satisfying distributions of income, must be distributed pro rata to members according to the number of units they hold.

Complaints

If a member submits to Mirvac RE a complaint alleging that the member has been adversely affected by Mirvac RE's conduct in its management or administration of Mirvac Trust, Mirvac RE must ensure the complaint receives proper consideration resulting in a determination by a person or body designated by Mirvac RE as appropriate to handle complaints.

Restricted securities

If a member breaches the ASX Listing Rules or any Restriction Agreement relating to restricted securities, that member is not entitled to any distribution, nor any voting rights, in respect of the restricted securities.

Non-marketable parcels

Mirvac RE may sell or redeem any Mirvac Units held by a member (or while stapling applies, any units forming part of a stapled security holding of a member) which comprise less than a marketable parcel as provided in the ASX Listing Rules without request by the member. Mirvac RE must notify the member in writing of its intention to sell or redeem units. Mirvac RE must not sell or redeem the relevant units if the member advises Mirvac RE that it wishes to retain the units within six weeks of notice from Mirvac RE. Mirvac RE may only sell or redeem units on one occasion in any 12 month period.

Amendment

The Constitution may only be modified by Mirvac RE if it reasonably considers that the change will not adversely affect member's rights. The Constitution may also be modified by special resolution of the members of Mirvac Trust.

(c) Deed of co-operation

Mirvac Limited and Mirvac RE are party to a deed of co-operation (as amended) which establishes a regime of co-operation between the parties in the context of the Mirvac Securities which are stapled to each other. Subject to the terms and conditions of the deed of co-operation, each party agrees that it must enter into any agreement, arrangement or understanding, or do any act matter or thing, with or at the request or direction of the other party. This includes, without limitation, lending money or providing financial accommodation; entering into any covenant, undertaking or restraint; buying or leasing or otherwise acquiring an asset; acquiring or supplying services; issuing securities or grating options or rights over those securities; entering into joint venture or other agreements. These obligations are subject to the opinion of the relevant board of directors being that the relevant act is in the best interests of Mirvac as a whole, is permitted by law and does not give rise to a breach or default under any agreement with a third party.

The deed of co-operation also provides that neither party will attempt to allot or issue a security unless and until the other agrees that that security will remain stapled to the security from the issued capital of the other. The deed of co-operation also provides for the parties to co-operate on various other matters, such as the provision of joint financial statements, annual reports and general meetings and related regulatory matters. The deed of co-operation remains in force as long as the securities of Mirvac Limited and Mirvac Trust remain stapled.

12.9 ASIC relief

ASIC has, by exemption dated 17 September 2001, replaced certain provisions of the Corporations Act in their application to the Mirvac Trust. The effect of the exemption is that the responsible entity of the Mirvac Trust must act in the best interests of members of the Mirvac Trust, having regard to their interests as stapled security holders in Mirvac as a whole, comprising their interests in each of the Mirvac Units and Mirvac Shares.

12.10 Additional Mirvac information

(a) Mirvac – continuous disclosure

Mirvac is a 'disclosing entity' under the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Mirvac has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Mirvac Securities. Copies of documents filed with the ASX may be obtained from the ASX website at www.asx.com.au.

Mirvac will make copies of the following documents available free of charge by contacting the Mirvac Securityholder line on 1800 356 444 (for calls within Australia) prior to the Implementation Date. The documents are also available on Mirvac's website at www.mirvac.com.au:

- 2004 Annual Report;
- 2004 Half Year Report (for the half year ended 31 December 2003);
- Mirvac Constitutions;
- Merger Implementation Agreement;
- any continuous disclosure notice lodged by Mirvac with the ASX between lodgement of its 2004 Annual Report on 22 September 2004 and the date of this Explanatory Memorandum.

Each of these documents has also been lodged with ASIC and may be obtained from, or inspected at, an ASIC office.

(b) Scheme Consideration – quotation on ASX

Mirvac will lodge with ASX an application for quotation of the New Mirvac Securities which are to be issued as consideration under the Schemes, within five business days of the date of the Explanatory Memorandum. As noted in Section 10.3, the Merger Implementation Agreement contains a condition precedent that the New Mirvac Securities are accepted for quotation on ASX on a deferred settlement basis from the business day following the Effective Date of the Schemes subject only to conditions which are acceptable to Mirvac and JFG.

(c) Status of other conditions precedent to the Merger Implementation Agreement in respect of which only Mirvac has waiver rights

Mirvac is not aware at the date of the Explanatory Statement of any reason why any condition precedent of the Merger Implementation Agreement which has been inserted solely for the benefit of Mirvac will not be satisfied before the Court Approval Date.

(d) Other material information including financial information

Except as set out or referred to in this Explanatory Memorandum there is no other information that is known to Mirvac Limited or Mirvac RE that is material to the making of a decision by a holder of JFG Securities being information that does not relate to the value of the Mirvac Securities and that is known to Mirvac that has not previously been disclosed to the holders of JFG Securities.

(e) Supplementary information

Mirvac will provide JFG with supplementary information if it becomes aware of any of the following matters between the date of the Explanatory Memorandum and the Court Approval Date:

- a material statement in Mirvac information that is false or misleading;
- a material omission from the Mirvac information;
- a material change affecting a matter that is referred to in the Mirvac information; and
- a significant new matter concerning Mirvac which had it arisen prior to the date of the Explanatory Memorandum would have been required to be included in it at the date of the Explanatory Memorandum.

(f) ASIC exemptions and ASX waivers

ASIC has granted the following modifications and exemptions in relation to the operation of the Corporations Act as it applies to Mirvac in relation to the Proposal:

- section 606 – an exemption to facilitate the operation of the Cash Out Facility and Security Sale Facility;
- section 671B – an exemption to relieve Mirvac Limited, Mirvac RE and Macquarie Securities from making disclosure of interests obtained under the Cash Out Facility and Security Sale Facility;
- Division 5A of Part 7.9 – an exemption to facilitate the offering of the Cash Out Facility and Security Sale Facility;
- Chapter 5C – an exemption to facilitate the operation of the Cash Out Facility and Security Sale Facility;

- Part 7.9 – an exemption to facilitate the offer and implementation of the Cash Out Facility and Security Sale Facility;
- Part 7.9 – an exemption from compliance with certain disclosure requirements of Part 7.9 of the Corporations Act as they apply to Mirvac which are not appropriate for the Explanatory Memorandum, which also constitutes a product disclosure statement in relation to the Proposal; and
- Part 7.9 – a number of modifications to Part 7.9 of the Corporations Act as they apply to Mirvac to recognise that the financial products being offered by Mirvac under the Proposal are stapled securities.

A copy of the relevant exemptions and modification which have been granted to Mirvac will be provided to any JFG Securityholder free of charge provided a request is made for a copy to the Mirvac Securityholders Line on 1800 356 444 (for calls made in Australia).

ASX has granted Mirvac a waiver from complying with the requirements of ASX Listing Rule 7.1 in relation to the Proposal. The waiver means that it is not necessary for Mirvac Trust to seek unitholder approval under the listing rule for the issue of Mirvac Units under the Proposal.

12.11 Formal disclosures

(a) Interests of advisors

Other than as set out in this Section or elsewhere in this Explanatory Memorandum, no person named in the Explanatory Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Explanatory Statement has, or in the last two years before the date of this Explanatory Memorandum has had, any interests:

- in the formation or promotion of JFG or Mirvac;
- in property acquired or proposed to be acquired by JFG or Mirvac in connection with their formation or promotion or the issue of JFG Securities or Mirvac Securities; or
- in the issue of JFG Securities or Mirvac Securities.

Other than as set out in this Section or elsewhere in this Explanatory Memorandum, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to such persons in connection with the preparation or distribution of the Explanatory Memorandum or in connection with the formation or promotion of JFG or Mirvac or the issue of JFG Securities or Mirvac Securities.

(b) Costs of the Proposal

The costs of the Proposal include legal, taxation, financial advisory, stockbroking, independent expert's costs, stamp duty and any employment costs should they arise. If the Proposal proceeds, these costs for both Mirvac and JFG will total approximately $15 million.

(c) Mirvac experts and fees

PricewaterhouseCoopers is entitled to a fee of approximately $40,000 in connection with the professional advice provided by it in connection with the preparation of the historical and pro forma financial information concerning Mirvac which is included in this Explanatory Memorandum.

Macquarie Securities (Australia) Limited is entitled to receive a fee of $100,000 in connection with establishing the Cash Out Facility and Security Sale Facility, and brokerage of 0.4 per cent of the value of trades executed in its capacity as Sale Broker for the Cash Out Facility and Security Sale Facility.

(d) Consents and disclaimers

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- PricewaterhouseCoopers – in connection with the preparation of the historical and pro forma financial information concerning Mirvac which is included in this Explanatory Memorandum;
- Macquarie Securities (Australia) Limited – as Sale Broker for the Cash Out Facility and Security Sale Facility; and
- ASX Perpetual Registrars Limited – as the Mirvac Registry.

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to the inclusion of their respective statements and reports noted next to their names and the references to those statements and reports in the form and context in which they are included in this Explanatory Memorandum:

- PricewaterhouseCoopers – the historical and pro forma financial information concerning Mirvac which is included in this Explanatory Memorandum.

Each person referred to in this Section 12.11(d):

- does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements (if any) referred to above next to that person's name as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this Section with that person's consent.

13 Glossary

AEDST	Australian Eastern Daylight Saving Time.
ASIC	Australian Securities and Investments Commission.
Assets Under Control	the book value of investment assets, current value of external funds under management and the estimated future value of the residential and investment (non-residential) development pipelines based on feasibility studies and/or estimated completion values.
ASX	Australian Stock Exchange Limited.
ASX Listing Rules	official listing rules of ASX.
Cash Out Facility	a facility whereby JFG Securityholders can receive cash instead of the Scheme Consideration, as described in Section 9.2 of this Explanatory Memorandum.
COF Participants	a JFG Securityholder who participates in the Cash Out Facility.
COF Threshold	$50 million, which equates to 10,960,960 New Mirvac Securities (15,015,015 JFG Securities on the basis of the exchange ratio that applies under the Schemes).
Corporations Act	*Corporations Act 2001* (Cth).
Court	Federal Court of Australia.
Court Approval Date	the date on which the Court hears the application to approve the Share Scheme (expected to be 20 December 2004) or, if adjourned, the date of the adjourned hearing.
CS Facility	a clearing and settlement facility.
Deed Poll	the deed poll in favour of Scheme Participants, a copy of which is contained in Annexure 1.
De-stapling Resolutions	resolutions of JFH Shareholders and JFT Unitholders to allow for the JFT Units to be de-stapled from the JFH Shares.
Effective Date	the date on which an office copy of a scheme order is lodged with ASIC pursuant to Section 411(10) of the Corporations Act (expected to be 29 December 2004) or, if an earlier date is specified in that scheme order for the coming into effect of the Share Scheme, that earlier date.
Election Form	the form accompanying this Explanatory Memorandum in relation to the Cash Out Facility and the Security Sale Facility.
Excluded Foreign Securityholder	any Foreign Securityholder who does not satisfy Mirvac that he or she is entitled to be issued New Mirvac Securities under the Schemes, as described in Section 9.4.
Explanatory Memorandum	this Explanatory Memorandum, including the proxy form for the Meetings and the Election Form.
Foreign Securityholder	any JFG Securityholder who, on the Record Date, has a registered address which is outside Australia and New Zealand and their respective external territories.
General Meeting	the meeting of JFH Shareholders to approve the De-stapling Resolution.
Implementation Date	the date on which the Proposal is to be implemented (expected to be 7 January 2005).
Independent Expert	Deloitte Corporate Finance Pty Limited.
Independent Expert's Report	the report prepared by the Independent Expert, a copy of which is set out in Section 7 of this Explanatory Memorandum.

Insolvency Event	in relation to a party to the Merger Implementation Agreement: – the party becomes unable to pay its debts as and when they fall due; – the making of any order, passing of any resolution, for the winding up, liquidation or bankruptcy of the party; – the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager to the party; – the appointment of an administrator to the party; or – the entry by a party into any compromise or arrangement with creditors.
JF Infrastructure	James Fielding Infrastructure Pty Ltd ABN 15 106 690 171.
JF Trust	James Fielding Trust ARSN 089 988 296.
JFG	James Fielding Group comprising of JFH and JF Trust.
JFG Competing Proposal	any proposal or offer with respect to any transaction (by purchase, merger, amalgamation, arrangement, business combination, liquidation, dissolution, recapitalisation, take-over bid or otherwise) that would, if completed substantially in accordance with its terms, result in: – any person (or group of persons) acquiring assets of JFG and/or its related bodies corporate that have, individually or in the aggregate, a market value exceeding 50 per cent of the market value of all the assets of JFG and its related bodies corporate (taken as a whole); or – any person either alone or together with than person's associates having a relevant interest in greater than 50 per cent of the JFG Securities or JFG Shares or JFG Units; or – other securities being stapled to securities in JFH or JF Trust or JFG becoming a dual listed entity with another person or persons.
JFG Directors	the directors of JFH and JFG RE in office at the date of lodgement of this Explanatory Memorandum for registration by ASIC.
JFG Options	options to subscribe for JFG Securities issued pursuant to the JFG Employee Option Plan.
JFG ESP	the JFG Employee Share Plan.
JFG ESP Securities	JFG Securities issued pursuant to the JFG ESP.
JFG RE	James Fielding Funds Management Limited ABN 78 067 417 663 as responsible entity of JF Trust.
JFG Registry	Computershare Investor Services Pty Limited.
JFG Securities	JFT Units stapled to the JFH Shares.
JFG Securityholder	a holder of JFG Securities.
JFH	James Fielding Holdings Limited ABN 39 093 200 965.
JFH Shareholder	a holder of JFH Shares.
JFH Shares	(a) ordinary shares issued in the capital of JFH, which have been fully paid; and (b) any ordinary shares in the capital of JFH issued on exercise of a JFG Option.
JFT Unitholder	a holder of JFT Units.

JFT Units	(a) ordinary units issued by JF Trust, which have been fully paid; and (b) any ordinary units in JF Trust issued on exercise of a JFG Option.
Macquarie Securities	Macquarie Securities (Australia) Limited ABN 58 002 832 126.
Meetings	the Share Scheme Meeting, the Unit Scheme Meeting and the General Meeting.
Merger Implementation Agreement	the Merger Implementation Agreement between Mirvac and JFG dated 12 October 2004 a summary of which is set out in Section 10.3.
Mirvac	the Mirvac Group comprising of Mirvac Limited and Mirvac Trust.
Mirvac Competing Proposal	any proposal or offer with respect to any transaction (by purchase, merger, amalgamation, arrangement, business combination, liquidation, dissolution, recapitalisation, take-over bid or otherwise) that would, if completed substantially in accordance with its terms, result in: – any person (or group of persons) acquiring assets of Mirvac and/or its related bodies corporate that have, individually or in the aggregate, a market value exceeding 50 per cent of the market value of all the assets of Mirvac and its related bodies corporate (taken as a whole); or – any person either alone or together with that person's associates having a relevant interest in greater than 50 per cent of the Mirvac Securities or Mirvac Shares or Mirvac Units; or – other securities being stapled to securities in Mirvac Limited or Mirvac Trust or Mirvac becoming a dual listed entity with another person or persons.
Mirvac Directors	the directors of Mirvac Limited and Mirvac RE in office at the date of lodgement of this Explanatory Memorandum for registration by ASIC.
Mirvac DRP	the Mirvac Group Distribution Reinvestment Plan.
Mirvac EIS	the Mirvac Employee Incentive Scheme.
Mirvac Limited	Mirvac Limited ABN 92 003 280 699.
Mirvac RE	Mirvac Funds Limited ABN 70 002 561 640 as responsible entity of Mirvac Trust.
Mirvac Registry	ASX Perpetual Registrars Limited.
Mirvac Securities	Mirvac Units stapled to Mirvac Shares.
Mirvac Securityholder	a holder of Mirvac Securities.
Mirvac Shareholder	a holder of Mirvac Shares.
Mirvac Shares	fully paid ordinary shares issued by Mirvac Limited.
Mirvac Trust	Mirvac Property Trust ABN 29 769 181 534.
Mirvac Unitholder	a holder of Mirvac Units.
Mirvac Units	fully paid ordinary units issued in Mirvac Trust.
New Mirvac Securities	New Mirvac Units stapled to New Mirvac Shares.
New Mirvac Shares	Mirvac Shares to be issued to Scheme Participants as Share Scheme Consideration.
New Mirvac Units	Mirvac Units to be issued to Scheme Participants as Unit Scheme Consideration.
NTA	net tangible assets.

Glossary

Prescribed Occurrence	in relation to a party to the Merger Implementation Agreement:
	– the party converts all or any of its securities into a larger or smaller number of securities;
	– the party or a related body corporate of the party resolves to reduce its capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its securities;
	– the party or a subsidiary of the party:
	    – enters into a buy-back agreement; or
	    – resolves to approve the terms of a buy-back agreement under the Corporations Act;
	– the party or a subsidiary of the party issues securities or grants an option over its securities, or agrees to make such an issue or grant such an option, excluding:
	    – any issue or grant contemplated by the Schemes; and
	    – any securities issued by the party as a result of the exercise of options existing at the date of this agreement;
	– the party or a subsidiary of the party issues, or agrees to issue, securities or other instruments convertible into shares or units;
	– the party makes any material change or amendment to its constitution or trust deed;
	– the party or a subsidiary of a party creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole or a substantial part of the business or property of the party and any of its subsidiaries,
	but excluding:
	– any matter required to be done or procured by a party under the Merger Implementation Agreement or the Schemes; or
	– any matter disclosed in writing to the other parties prior to the date of the Merger Implementation Agreement; or
	– the agreed distribution for the period ending 31 December 2004 (being, for JFG, up to $0.1225 per JFG Security and, for Mirvac, up to $0.083 per Mirvac Security).

Proposal	the proposed acquisition of JFG by Mirvac to be implemented under the Schemes.
Record Date	five business days after the Effective Date (expected to be 6 January 2005).
Register	the registers of JFH Shareholders and JFT Unitholders maintained in accordance with the Corporations Act.
Regulatory Authorities	a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state territorial or local.
Resolutions	the Share Scheme Resolution, the Unit Scheme Resolutions and the De-stapling Resolutions.
Risk Factors	those risk factors set out in Section 5.9.
Sale Broker	Macquarie Securities.
Scaleback	when the number of JFG Securities held by a COF Participant that are accepted into the Cash Out Facility is scaled back so that the COF Threshold is not exceeded, as described in Section 9.2.

Scaleback Maximum	1,095 New Mirvac Securities (or such lesser number as is required under the Cash Out Facility to ensure that the COF Threshold is not exceeded).
Scheme Consideration	the consideration to be provided under the Schemes, being: – the Share Scheme Consideration under the Share Scheme; and – Unit Scheme Consideration under the Unit Scheme.
Scheme Participant	a holder of Scheme Securities at the Record Date.
Scheme Securities	Scheme Shares and Scheme Units.
Scheme Shares	JFH Shares on issue at the Record Date.
Scheme Units	JFT Units on issue at the Record Date.
Schemes	the Share Scheme and the Unit Scheme.
Security Sale Facility	facility whereby JFG Securityholders can have the New Mirvac Securities to which they are entitled under the Schemes issued to Macquarie Securities for sale on their behalf, as described in Section 9.3.
Share Scheme	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between JFH and the JFH Shareholders, a copy of which is set out in Annexure 2.
Share Scheme Consideration	0.73 New Mirvac Shares, for each Scheme Share held by a Scheme Participant.
Share Scheme Meeting	the meeting of JFH Shareholders ordered by the Court to be convened pursuant to Section 411(1) of the Corporations Act in respect of the Share Scheme.
Share Scheme Resolution	a resolution to approve the terms of the Share Scheme.
SSF Participant	a JFG Securityholder who participates in the Security Sale Facility.
SSF Participating Securities	the New Mirvac Securities issued to Macquarie Securities for sale on behalf of SSF Participants in accordance with the Security Sale Facility.
Tax Act	the Income Tax Assessment Act 1997 (Cth).
Unit Scheme	the arrangement under which Mirvac RE acquires all of the Scheme Units from the Scheme Participants in return for providing the Unit Scheme Consideration, to be implemented pursuant to the Unit Scheme Resolutions and the De-stapling Resolution.
Unit Scheme Consideration	0.73 New Mirvac Units for each Scheme Unit held by a Scheme Participant.
Unit Scheme Meeting	the meeting of JFT Unitholders to approve the Unit Scheme Resolutions and the De-stapling Resolution.
Unit Scheme Resolutions	resolutions of the members of the JF Trust to: – amend the trust deed of the JF Trust to give effect to the Unit Scheme; and – approve under item 7 of section 611 of the Corporations Act the acquisition by the Mirvac Trust of all the JFT Units.
VWAP	the volume weighted average price of a security.

Annexure 1
Deed Poll (in favour of Scheme Participants)

Mirvac Limited
Mirvac Funds Limited
(as responsible entity of Mirvac Property Trust)

CONTENTS

Date 11 November 2004

Parties

Mirvac Limited ABN 92 003 280 699 (Mirvac Limited)

Mirvac Funds Limited ABN 70 002 561 640 (Mirvac RE) as responsible entity of Mirvac Property Trust ABN 29 769 181 534 (Mirvac Trust)

(together, Mirvac Group)

in favour of:

Each holder of JFG Securities as at the Record Date (the Scheme Participants)

Recitals

A. James Fielding Holdings Limited ABN 39 093 200 965 (JFH) and James Fielding Funds Management Limited ABN 78 067 417 663 (JFG RE) as responsible entity of the James Fielding Trust ARSN 089 988 296 have entered into a Merger Implementation Agreement with the Mirvac Group dated 12 October 2004 (the Agreement) under which it is proposed that they merge by means of the Share Scheme and the Unit Scheme.

B. Under the Schemes, all JFG Securities will be de-stapled and the JFH Shares will be transferred to Mirvac Limited and the JFT Units will be transferred to Mirvac Trust.

C. In the Agreement, subject to the satisfaction of certain conditions, Mirvac Group agreed to take all necessary steps to assist JFG to implement the Schemes, including paying the Scheme Consideration.

D. Mirvac Group is entering into this deed to covenant in favour of the Scheme Participants to perform its obligations under the Schemes.

Operative provisions

1. Interpretation

1.1 Definitions

Terms that are not defined in this deed and that are defined in the explanatory memorandum registered or to be registered by ASIC under section 412(6) of the Corporations Act on or about the date of this deed in connection with the proposed merger referred to in Recital A (Explanatory Memorandum) have the same meaning in this deed as given to the term in the Explanatory Memorandum, unless the context makes it clear that a definition is not intended to apply.

1.2 Rules for interpreting this deed

The rules specified in clause 21.2 of the Agreement apply in interpreting this deed, unless the context makes it clear that a rule is not intended to apply.

1.3 Mirvac Group obligations

The obligations of Mirvac Group under this deed bind Mirvac Limited and Mirvac RE jointly and each of Mirvac Limited and Mirvac RE severally as separate and independent obligations.

2. JFG scheme participants may rely on this deed

Mirvac Group acknowledges that this deed may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it.

3. Conditions precedent and termination

(a) (obligations subject to Scheme becoming effective) Mirvac Group's obligations under this Deed Poll are subject to the Share Scheme becoming effective under section 411(10) of the Corporations Act and JFG executing and, on the Effective Date of the Share Scheme, lodging with ASIC the Supplemental Deed contained in Annexure 6 of the Explanatory Memorandum.

(b) (Deed Poll terminates) If the conditions in clause 3(a) are not satisfied this Deed Poll (other than this clause 3 and clause 9.2) is of no force or effect and terminates unless Mirvac Group and JFG otherwise agree in writing.

(c) (consequences of termination) If this deed is terminated under this clause 3 then, in addition and without prejudice to any other rights available to it Mirvac Group is released from its obligations to further perform this deed except those obligations contained in clause 9.2 and any other obligations which by their nature survive termination.

4. Scheme consideration

4.1 Obligation to provide Scheme Consideration

Subject to clause 3, in consideration of the transfer of their Scheme Shares to Mirvac Limited and Scheme Units to Mirvac Trust in accordance with the Schemes, Mirvac Group covenants in favour of each Scheme Participant to:

(a) do all those things which it is required to do under the Schemes or which the Schemes contemplate will be done by Mirvac Group; and

(b) without limiting the generality of paragraph (a), provide to each Scheme Participant, the Scheme Consideration on the Implementation Date in accordance with the terms of the Schemes.

4.2 How obligation is satisfied

(a) Subject to paragraph (b), Mirvac Group must provide the Scheme Consideration to a Scheme Participant by:

(i) Mirvac Limited issuing and allotting to the Scheme Participant on the Implementation Date the relevant number of New Mirvac Shares included in the Scheme Consideration in respect of the Share Scheme attributable to the JFH Shares held by the Scheme Participant on the Record Date;

(ii) Mirvac RE issuing and allotting to the Scheme Participant on the Implementation Date the relevant number of New Mirvac Units included in the Scheme Consideration in respect of the Unit Scheme attributable to the JFT Units held by the Scheme Participant on the Record Date; and

(iii) not later than 4 Business Days after the Implementation Date, Mirvac Group despatching or procuring the dispatch to each Scheme Participant by pre-paid post to his, her or its address as recorded in the Register as at the Record Date, a holding statement in the name of that Scheme Participant in accordance with and subject to the terms of the Schemes. In the case of joint holders of JFG Securities, the holding statements shall be forwarded to the holder whose name first appears in the Register as at the Record Date.

(b) If a Scheme Participant participates in the Cash Out Facility or the Security Sale Facility in accordance with clause 3.6 of the Share Scheme (or is deemed to have participated in the Cash Out Facility or the Security Sale Facility under clause 4 of the Share Scheme) in respect of some or all of the New Mirvac Securities to which it would become entitled under the Share Scheme and the Unit Scheme (Participating Scheme Consideration):

(i) Mirvac Limited must issue and allot to a nominee appointed by JFG and approved by ASIC (Nominee) on the Implementation Date the relevant number of New Mirvac Shares included in the Participating Scheme Consideration;

(ii) Mirvac RE must issue and allot to the Nominee on the Implementation Date the relevant number of New Mirvac Units included in the Participating Scheme Consideration;

(iii) in the case of Participating Scheme Consideration that is subject to the Cash Out Facility – Mirvac Group must pay or procure the payment of the Cash Out Facility Amount (as defined in the Share Scheme) to the Scheme Participant in accordance with the terms of the Cash Out Facility; and

(iv) in the case of Participating Scheme Consideration that is subject to the Security Sale Facility – Mirvac Group must pay or procure the payment of the amount to which the Scheme Participant becomes entitled under the terms of the Security Sale Facility as set out in the Explanatory Memorandum in accordance with the terms of the Security Sale Facility.

4.3 ASX Quotation

Mirvac Group shall, in accordance with the Agreement, make application to ASX for the New Mirvac Securities to be issued in accordance with the Schemes to be quoted on ASX and use best endeavours to procure that, as from the Business Day following the Effective Date, the New Mirvac Securities comprising the Scheme Consideration will be listed for quotation on ASX (initially on a deferred settlement basis and thereafter on an ordinary settlement basis).

5. Representations and warranties

Mirvac Group represents and warrants for the benefit of each Scheme Participant that:

(a) it is a company limited by shares under the Corporations Act;

(b) it has full legal capacity and power to:

(i) own its property and to carry on its business; and

(ii) enter into this deed and to carry out the transactions that this deed contemplates;

(c) it has taken all corporate action that is necessary or desirable to authorise its entry into this deed and its carrying out the transactions this deed contemplates;

(d) this deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping; and

(e) the Scheme Consideration will be validly issued and, as from the time of issue, be fully-paid up.

6. Continuing obligations

This deed is irrevocable and, subject to clause 3, remains in full force and effect until Mirvac Group has completely performed its obligations under this deed or the earlier termination of this deed under clause 3.

7. Notices

7.1 How to give a notice

A notice, consent or other communication under this deed is effective only if it is:

(a) in writing, signed by or on behalf of the person giving it;

(b) addressed to the person to whom it is to be given; and

(c) either:

  (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or

  (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.

7.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

(a) if it is delivered or sent by fax:

  (i) by 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or

  (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day; and

(b) if it is sent by mail:

  (i) within Australia – three Business Days after posting; or

  (ii) to or from a place outside Australia – seven Business Days after posting.

7.3 Address for notices

Mirvac Group's address and fax number are those set out below, or as the person notifies the sender:

Address:	Level 5, 40 Miller Street North Sydney NSW 2060
Facsimile:	(02) 9004 8460
Attention:	The Company Secretary

8. Amendment and assignment

8.1 Amendment

A provision of this deed may be varied by supplemental deed poll made in favour of the Scheme Participant, but only:

(a) (**JFG consents to variation**) before the Court Approval Date, if the variation is agreed to in writing by JFG; or

(b) (**JFG and Court agrees to variation**) on or after the Court Approval Date, if the variation is agreed to in writing by JFG and is approved by the Court.

8.2 Assignment

The rights and obligations of a person under this deed are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

9. General

9.1 Governing law

(a) This deed is governed by the law in force in New South Wales.

(b) Mirvac Group submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, and any court that may hear appeals from any of those courts, for any proceedings in connection with this deed, and waives any right it might have to claim that those courts are an inconvenient forum.

9.2 Liability for expenses

Mirvac Group must pay its own expenses incurred in negotiating, executing, and registering this deed. Mirvac Group is solely responsible for, and must indemnify each Scheme Participant against, any duty that is payable on or in relation to this deed and the transactions that this deed contemplates.

9.3 Waiver of rights

A right may only be waived in writing, signed by the person giving the waiver, and:

(a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;

(b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and

(c) the exercise of a right does not prevent any further exercise of that right or of any other right.

9.4 Operation of this deed

(a) Any right that Mirvac Group or a Scheme Participant may have under this deed is in addition to, and does not replace or limit, any other right that Mirvac Group or the Scheme Participant may have.

(b) Any provision of this deed which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this deed enforceable, unless this would materially change the intended effect of this deed.

EXECUTED as a deed.

EXECUTED by Mirvac Limited:

[Sgd]	[Sgd]
Signature of director	Signature of secretary
Dennis Broit	Susan Myers
Name	Name

EXECUTED by Mirvac Funds Limited:

[Sgd]	[Sgd]
Signature of director	Signature of secretary
Dennis Broit	Susan Myers
Name	Name

Annexure 2
Scheme of Arrangement

James Fielding Holdings Limited

ABN 39 093 200 965

The holders of ordinary shares in the capital of James Fielding Holdings Limited

CONTENTS

Annexure 2 Scheme of Arrangement

Scheme of arrangement between James Fielding Holdings Limited ABN 39 093 200 965 (JFH) and its members,

A. JFH is a public company registered in New South Wales and is a company limited by shares.

B. At 11 November 2004 there were 143,607,662 JFH Shares on issue. There are no other classes of shares in JFH.

C. JFH Shares are stapled to units in JFT to form JFG Securities.

D. Mirvac is a company registered in New South Wales and is a company limited by shares.

E. If the Share Scheme becomes Effective:

(a) the JFH Shares will be de-stapled from units in JFT;

(b) all the JFH Shares will be transferred to Mirvac, and JFH will enter the name of Mirvac in the Register in respect of the JFH Shares; and

(c) Mirvac will provide the Scheme Consideration to Scheme Shareholders in accordance with the Share Scheme.

1. Definitions and interpretation

1.1 In this Share Scheme, except where the context otherwise requires:

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

Business Day means a day on which trading banks are open for business in Sydney.

Cash Out Facility has the same meaning as in the Explanatory Memorandum.

Cash Out Facility Amount means, in relation to a Scheme Shareholder, the amount in dollars calculated in accordance with the following formula:

$$EMGS \times 3.33/0.73$$

where EMGS is the number of Mirvac Group Securities (inclusive of any fractional entitlement) which would comprise the Participating Scheme Consideration of the Scheme Shareholder that is subject to the Cash Out Facility but for clause 3.3.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

Conditions means the conditions precedent set out in clause 2.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia.

Court Approval Date means the last date on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act to approve the Share Scheme or, if the application is adjourned or subject to appeal for any reason, the last date on which the adjourned or appealed application is heard.

De-stapling Resolution means a resolution that approval be given:

(a) for the purposes of clause 27.2(a) of JFT's constitution, for the responsible entity of JFT to determine that the stapling provisions of JFT's constitution will cease to apply and that the Implementation Date is to be the Unstapling Date (as defined in JFT's constitution); and

(b) for the purposes of rule 37.2(a) of JFH's constitution, for the directors of JFH to determine that the stapling provisions of JFH's constitution will cease to apply and that the Implementation Date is to be the Unstapling Date (as defined in JFH's Constitution).

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) in relation to the Share Scheme.

Effective Date means the date on which the Share Scheme becomes Effective.

Effective Time means the close of trading in marketable securities on ASX on the Effective Date.

Election Form means the election form or forms to participate in the Cash Out Facility and Security Sale Facility which accompany the Explanatory Memorandum.

Exempt Distribution means a distribution and/or dividend of up to an aggregate of $0.1225 per JFG Security to be declared and paid to holders of JFG Securities by reference to a record date occurring on or before the Implementation Date or such other return of capital or other agreed distribution as may be agreed by the parties to the Merger Implementation Agreement.

Explanatory Memorandum means the explanatory statement that is registered by ASIC under section

412(b) of the Corporations Act in relation to this Share Scheme.

Foreign Securityholder means a holder of JFG Securities whose address in the Register on the Record Date is in a country other than Australia and New Zealand.

Implementation Date means the date which is 1 Business Day after the Record Date.

JFG means JFH and JFFM.

JFG Registry means Computershare Investor Services Pty Limited.

JFG Security means a JFH Share which is stapled to a unit in JFT.

JFFM means James Fielding Funds Management Limited ABN 78 067 417 663, as responsible entity of JFT.

JFH means James Fielding Holdings Limited ABN 39 093 200 965.

JFH Share means each fully paid ordinary share in the capital of JFH on issue at the Record Date.

JFT means the James Fielding Trust ARSN 089 988 296.

Merger Implementation Agreement means the merger implementation agreement between JFH, JFFM, Mirvac and MFL dated 12 October 2004.

MFL means Mirvac Funds Limited ABN 70 002 561 640, as responsible entity of MPT.

Mirvac means Mirvac Limited ABN 92 003 280 699.

Mirvac Group means Mirvac and MFL.

Mirvac Group Security means a Mirvac Share which is stapled to a unit in MPT.

Mirvac Share means a fully paid ordinary share in the capital of Mirvac.

MPT means the Mirvac Property Trust ABN 29 769 181 534.

Nominee means a nominee for sale appointed by JFG and approved by ASIC.

Participating Scheme Consideration means, in respect of a Scheme Shareholder, the Mirvac Group Securities which are issued to the Nominee in accordance with the terms of the Cash Out Facility or the Security Sale Facility.

Record Date means 7.00 pm on the fifth (5th) Business Day after the Effective Date or such other date agreed between the parties to the Merger Implementation Agreement after consultation with the ASX.

Register means the JFH register of members.

Scaleback has the same meaning as in the Explanatory Memorandum.

Scheme Consideration means, for each Scheme Shareholder, the number of Mirvac Shares which is the product determined by multiplying the number of JFH Shares held by the Scheme Shareholder on the Record Date by the Schemes Ratio.

Scheme Shareholder means each holder of JFH Shares at the Record Date.

Schemes means the Share Scheme and the Unit Scheme.

Schemes Ratio means 0.73.

Scheme Transfer means, for each Scheme Shareholder, a duly completed and executed instrument of transfer of the JFH Shares held by the Scheme Shareholder on the Record Date for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the JFH Shares.

Security Sale Facility has the same meaning as in the Explanatory Memorandum.

Share Scheme means this scheme of arrangement in its present form or as it may be modified or amended.

Trading Cessation Time means the close of trading in marketable securities on ASX on the Effective Date.

Unit Scheme means the arrangement under which MPT acquires, on the Implementation Date, all the units in JFT as at the Record Date from the holders of those units as at the Record Date.

Unit Scheme Resolution means resolutions of the members of JFT to:

(a) amend the trust deed of JFT to give effect to the Unit Scheme; and

(b) approve under item 7 of section 611 of the Corporations Act the acquisition by MPT of all the units in JFT.

1.2 In this Share Scheme, except where the context otherwise requires:

(a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;

(b) the singular includes the plural and vice versa;

(c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;

(d) a reference to any gender includes all genders;

(e) a reference to a clause is to a clause of this Share Scheme;

(f) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;

(g) a reference to any party to this Share Scheme or any other document or arrangement includes that party's executors, administrators, substitutes, successors and permitted assigns;

(h) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

2. Conditions

2.1 Conditions of Share Scheme

The Share Scheme is conditional on each of the following:

(a) as at 8.00 am on the Court Approval Date, each of the conditions set out in clause 5.1 of the Merger Implementation Agreement (other than the condition in clause 5.1(f)) has been satisfied or waived in accordance with the terms of the Merger Implementation Agreement;

(b) as at 8.00 am on the Court Approval Date, the Merger Implementation Agreement has not been terminated;

(c) the De-stapling Resolution has been duly passed at a general meeting of JFH and at a meeting of members of JFT;

(d) the Unit Scheme Resolutions have been duly passed at a meeting of members of JFT; and

(e) the Court has approved the Share Scheme in accordance with section 411(4)(b) of the Corporations Act with or without modification,

and the provisions of the Share Scheme will be of no effect unless and until the Conditions are satisfied.

2.2 Certificate

Each of JFG and Mirvac Group shall provide to the Court at the Court hearing on the Court Approval Date a certificate confirming whether or not all the conditions in the Merger Implementation Agreement and this Share Scheme (other than in relation to the Share Scheme being approved by the Court pursuant to section 411(4)(b) of the Corporations Act) have been satisfied or waived.

2.3 Sunset Date

If all the Conditions have not been satisfied or waived by 31 March 2005, the Share Scheme will not be implemented unless JFG and Mirvac Group, and if required the Court, agree to extend that date.

3. The share scheme

3.1 Lodgment

JFH will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Share Scheme after the Trading Cessation Time but before 5.00 pm on the Effective Date which will be the later of 29 December 2004 and the first Business Day after the day on which the Court approves the Share Scheme.

3.2 Implementation

On the Implementation Date the steps below will take place in the following order:

(a) the JFH Shares will be de-stapled from the units in JFT;

(b) the JFH Shares, together with all rights and entitlements attaching to the JFH Shares at the Implementation Date (other than the right to receive the Exempt Distribution), will be transferred to Mirvac by:

(i) JFH delivering to Mirvac the Scheme Transfer to transfer all the JFH Shares on behalf of the Scheme Shareholders to Mirvac, without the need for any further act by any Scheme Shareholders; and

(ii) Mirvac duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to JFH for registration;

(c) in consideration of the transfer of the JFH Shares to Mirvac, but subject to clauses 3.6 and 4 and subject to all the units on issue in JFT at the Record Date also having been transferred to Mirvac at the same time under the Unit Scheme, Mirvac will, subject to this Share Scheme, provide the Scheme Consideration to each Scheme Shareholder in accordance with this Share Scheme; and

(d) immediately after receipt of the Scheme Transfer (stamped if required), JFH will enter the name of Mirvac in the Register in respect of the JFH Shares subject to the Scheme Transfer.

3.3 Fractional entitlements

Subject to clause 3.4, if a fractional entitlement to a Mirvac Group Security arises from the calculation of the Scheme Consideration in respect of a Scheme Shareholder, then any such fractional entitlement to a Mirvac Group Security shall be rounded up to the nearest whole number of Mirvac Group Securities.

3.4 No manipulation of fractional entitlements

If JFH and JFFM are of the opinion that several Scheme Shareholders (Relevant Shareholders), each of whom holds a number of JFG Securities which results in a fractional entitlement have, before the Record Date, been party to splitting or division of their JFG Securities in an attempt to obtain advantage by reference to the rounding up provided for under clause 3.3, JFH or JFFM may give notice to the Relevant Shareholders:

(a) setting out the names and addresses of all of the Relevant Shareholders;

(b) stating that opinion; and

(c) attributing to one of them specifically identified in the notice (Specified Shareholder) the fractional entitlements to Mirvac Group Securities to which the Relevant Shareholders would, but for this clause, be entitled under the Share Scheme and the Unit Scheme,

and, after the notice has been so given, the Scheme Consideration to which the Specified Shareholder is entitled shall include the sum of the fractional entitlements of all of the Relevant Shareholders (and clause 3.3 shall apply to the aggregate entitlement of the Specified Shareholder), and the Scheme Consideration to which each of the Relevant Shareholders (other than the Specified Shareholder) is entitled shall be rounded down to the nearest whole number.

3.5 Appointment of Mirvac as sole proxy

From the Effective Date until JFG registers Mirvac as the holder of all the JFG Shares in the Register, each Scheme Shareholder:

(a) is deemed to have appointed Mirvac and each of its directors severally as attorney and agent to appoint the Chairman of Mirvac as its sole proxy to attend general meetings of JFH, exercise the votes attaching to JFG Shares registered in their name and sign any circulating resolution of the members of JFH, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, or by proxy or by corporate representative (other than pursuant to this subclause); and

(b) must take all other actions in the capacity of a registered holder of JFG Shares as Mirvac reasonably directs.

Mirvac shall undertake in favour of each Scheme Shareholder that it will appoint the Chairman of Mirvac as that Scheme Shareholder's proxy in accordance with this clause.

3.6 Cash Out Facility and Security Sale Facility

(a) The obligation of Mirvac to provide the Scheme Consideration to a Scheme Shareholder in accordance with this Share Scheme is subject to this clause 3.6.

(b) A Scheme Shareholder may make an election in relation to all or some of the Mirvac Group Securities to which it would become entitled under the Share Scheme and the Unit Scheme to participate in:

(i) the Cash Out Facility; or

(ii) the Security Sale Facility,

provided that participation in each of the Cash Out Facility and the Security Sale Facility is subject to a minimum of 438 Mirvac Group Securities or such lesser number as represents all of a Scheme Shareholder's entitlement to Mirvac Group Securities under the Scheme.

(c) The Participating Scheme Consideration of a Scheme Shareholder will be issued to the Nominee who will sell those Mirvac Group Securities comprising the Participating Scheme Consideration and:

(i) in relation to Participating Scheme Consideration that is subject to the Cash Out Facility – Mirvac Group will pay or procure the payment of the Cash Out Facility Amount in full satisfaction of the Scheme Shareholder's right to the Participating Scheme Consideration; and

(ii) in relation to Participating Scheme Consideration that is subject to the Security Sale Facility – Mirvac Group will pay or procure the payment of the amount to which the Scheme Shareholder becomes entitled under the terms of the Security Sale Facility as set out in the Explanatory Memorandum in full satisfaction of the Scheme Shareholder's right to the Participating Scheme Consideration.

(b) An election to participate in either or both of the Cash Out Facility or Security Sale Facility is valid only if it is made by a Scheme Shareholder and received by JFH or the JFG Registry no later than the Effective Date, on an Election Form which accompanies the Explanatory Memorandum and in accordance with the directions and instructions set out on the Election Form and in the Explanatory Memorandum.

(d) Any dispute concerning whether an election by a Scheme Shareholder to participate in either or both of the Cash Out Facility and Security Sale Facility is valid will be determined by the directors of JFG, whose determination is final and determinative of the dispute.

(e) Mirvac Group will ensure that the Cash Out Facility and Security Sale Facility are implemented in the manner set out in the Explanatory Memorandum. Mirvac Group assumes and accepts liability for any loss or damage suffered by a Scheme Shareholder by reason of a failure to implement the Cash Out Facility and Security Sale Facility in that manner and will compensate a Scheme Shareholder in respect of such loss or damage. In particular and without limitation, Mirvac Group will ensure that payments which are required to be made to a Scheme Shareholder as a result of that shareholder's participation in either or both of the Cash Out Facility and Security Sale Facility are made by cheque in Australian currency, drawn on an Australian bank and sent by pre-paid post or air-mail as applicable, at the risk of that Scheme Shareholder within 21 days after the Implementation Date to that shareholder's address in the Register.

4. Ineligible foreign shareholders

(a) The obligation of Mirvac to provide the Scheme Consideration to a Foreign Securityholder in accordance with this Share Scheme is subject to this clause 4.

(b) Unless Mirvac Group is satisfied by a Foreign Securityholder that it may, having regard to applicable foreign laws, issue Mirvac Group Securities to a Foreign Securityholder, either unconditionally or after compliance with conditions which Mirvac Group in its sole discretion regards as acceptable and not unduly onerous:

(i) the Foreign Securityholder will be deemed to have elected to participate in the Cash Out Facility in respect of all of its Mirvac Group Securities to which it would become entitled under the Share Scheme and the Unit Scheme other than any such Mirvac Group Securities in respect of which the Foreign Securityholder has made an election to participate in the Security Sale Facility in accordance with clause 3.6; and

(ii) to the extent that the Foreign Securityholder's Participating Scheme Consideration is subject to Scaleback under the Cash Out Facility, the Foreign Securityholder will be deemed to have elected to participate in the Security Sale Facility in respect of all Mirvac Group Securities comprising the Participating Scheme Consideration which is subject to the Scaleback.

(c) Any cash proceeds to which a Foreign Securityholder will become entitled under this clause 4 will be sent by air mail at the risk of the Foreign Securityholder within 21 days after the Implementation Date to the Foreign Securityholder's address as shown in the Register by cheque in Australian currency drawn on an Australian bank. In the case of joint holders of JFH Shares, the cheque will be made payable to and forwarded to the holder whose name appears first in the Register at the Record Date.

5. Dealings in JFG Securities

5.1 No dealings after the Effective Date

JFH will not accept for registration or recognise for any purpose any dealings in respect of JFH Shares (or any interest in JFH Shares) which occur after the Trading Cessation Time and no such dealings are permitted.

5.2 Identification of Scheme Shareholders

For the purpose of establishing the identity of the Scheme Shareholders, dealings in JFH Shares before the Trading Cessation Time will only be recognised if:

(a) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Register as the holder of the relevant JFH Shares by the Record Date; and

(b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

5.3 Transfer to be registered

JFH must register registrable transmission applications or transfers of the kind referred to in clause 5.2(b) by the Record Date.

5.4 Transfers not accepted

JFH will not accept for registration or recognise for any purpose any transmission application or transfer in respect of JFH Shares received after the Record Date.

5.5 Entitlement to Scheme Consideration

For the purpose of determining entitlements to the Scheme Consideration, JFH must maintain the Register in accordance with the provisions of this clause 5 until the Scheme Consideration has been paid to, provided to or applied on behalf of (as the case may be) the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

5.6 Holding statements

All statements of holding for JFH Shares will cease to have effect from the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the JFH Shares relating to that entry.

6. Quotation of JFG Securities

6.1 Suspension

Suspension of trading on the ASX in JFG Securities will occur from the Trading Cessation Time.

6.2 Termination of Official Quotation

JFG will apply for termination of the official quotation of JFG Securities on ASX after the Share Scheme and the Unit Scheme have been fully implemented.

7. General scheme provisions

7.1 Court approval

If the Court proposes to approve the Share Scheme subject to any alterations or conditions, JFH may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Mirvac has consented.

7.2 Constitution of Mirvac

Scheme Shareholders will accept the Mirvac Shares issued by way of Scheme Consideration subject to, and agree to be bound by, the constitutions of Mirvac and MPT.

7.3 Mirvac Shares to rank equally

(a) Subject to clause 7.3(b) all Mirvac Shares issued pursuant to the Share Scheme will rank pari passu in all respects with other Mirvac Shares on issue at the date of issue.

(b) Mirvac Shares issued as Scheme Consideration under this Share Scheme will not participate in distributions to be made by Mirvac Group that have a record date for the purposes of determining entitlements to such distributions which is earlier than 1 January 2005.

(c) Each Mirvac Share issued to a Scheme Shareholder (or the Nominee) pursuant to this Share Scheme will, in accordance with Mirvac's constitution, be stapled to a unit in MPT issued to the same Scheme Shareholder (or Nominee) under the Unit Scheme.

7.4 Satisfaction of payment obligations

Subject to clauses 3.6 and 4, the obligation of Mirvac to provide the Scheme Consideration shall be satisfied by Mirvac:

(a) on the Implementation Date, entering the name of each Scheme Shareholder (or, in respect of Participating Scheme Consideration, the Nominee) on the register of members of Mirvac in accordance with this Share Scheme; and

(b) no later than four Business Days after the Implementation Date, dispatching or procuring the dispatch to each Scheme Shareholder (or, in respect of Participating Scheme Consideration, the Nominee) by pre-paid post to his or her address recorded in the Register at the Record Date, an uncertificated holding statement in the name of that Scheme Shareholder in accordance with this Share Scheme. In the case of joint holders of shares uncertificated holding statements shall be issued in the name of and forwarded to the holder whose name appears first in the Register on the Record Date.

7.5 Agreement to transfer

The Scheme Shareholders agree to the transfer of their JFH Shares in accordance with this Share Scheme.

7.6 Encumbrances

The JFH Shares transferred under the Share Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise. The Scheme Shareholders are deemed to have warranted to Mirvac and JFH that all their JFH Shares (including any rights attaching to those shares) which are transferred under this Share Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to transfer their JFH Shares together with any rights attaching to those shares.

7.7 Beneficial entitlement

Mirvac will be beneficially entitled to the JFH Shares transferred to it on the Implementation Date under the Share Scheme pending registration by JFH of Mirvac in the Register as the holder of the JFH Shares.

7.8 Scheme binds parties

This Share Scheme will bind JFH and its members and will, for all purposes, have effect notwithstanding any provision in the constitution of JFH.

7.9 Power of attorney

Each Scheme Shareholder, without the need for any further act, irrevocably appoints JFH and all its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Share Scheme including a proper instrument of transfer of its JFH Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the JFH Shares and any appointment of Mirvac and its directors as sole proxy for the Scheme Shareholders as contemplated by clause 3.5.

7.10 Stamp duty

Mirvac will pay all stamp duty (if any) payable in connection with the transfer of the JFH Shares to Mirvac.

7.11 Consent

The Scheme Shareholders consent to JFH doing all things necessary or incidental to the implementation of this Share Scheme.

7.12 Notices

If a notice, transfer, transmission application, direction or other communication referred to in this Share Scheme is sent by post to JFH, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at JFH's registered office or at the office of the JFG Registry.

7.13 Governing law

The proper law of the Scheme is the law of New South Wales.

7.14 Further action

JFH will execute all documents and do all things necessary to implement and perform its obligations under this Share Scheme.

Annexure 3
Notice of Share Scheme Meeting

James Fielding Holdings Limited
ABN 39 093 200 965

Notice is hereby given that by an order of the Court made on 12 November 2004 pursuant to section 411 (1) of the *Corporations Act 2001* (Corporations Act) a meeting of the holders of ordinary shares in James Fielding Holdings Limited ABN 39 093 200 965 (JFH) will be held at Rydges Jamison, 11 Jamison Street, Sydney, New South Wales on Friday, 17 December 2004 at 11.00 am.

Business of the meeting

Share Scheme Resolution

To consider, and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, pursuant to and in accordance with section 411 of the Corporations Act, the Share Scheme, the terms of which are contained in and more particularly described in the Explanatory Memorandum (which accompanies the notice convening this meeting) is approved (with or without modification as approved by the Court)."

By Order of the Board of
James Fielding Holdings Limited

Adrienne Parkinson
Company Secretary

12 November 2004

Explanatory notes

These notes should be read in conjunction with the Notice of Share Scheme Meeting.

Terminology

Terms which are defined in the constitution of JFH or in the Explanatory Memorandum which accompanies this Notice of Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

Quorum

The Constitution of JFH provides that the quorum for a meeting of JFH is two members (in person or by proxy, attorney or by representative).

Chairman

The Court has directed that James MacKenzie act as Chairman of the Share Scheme Meeting or, failing him, Richard Turner.

Majority required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Share Scheme Resolution must be passed by:

– a majority in number of the shareholders in the company present and voting (either in person or by proxy) at the Share Scheme Meeting; and

– at least 75 per cent of the votes cast on the Share Scheme Resolution.

Entitlement to vote

The Court has ordered that, for the purposes of the Share Scheme Meeting, JFH Shares will be taken to be held by the persons who are registered as members at 7.00 pm on 15 December 2004. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Share Scheme Meeting.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy to attend and vote for you.

– **Jointly held securities**

  If the shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

– **Corporate shareholders**

  To vote at the meeting (other than by proxy or attorney), a corporation that is a shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

– **Voting by proxy**

  A shareholder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. You may appoint not more than two proxies to attend and act for you at the meeting. A proxy need not be a shareholder of JFH. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

  If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Share Scheme Meeting.

  Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of JFH or the address listed below no less than 48 hours prior to the commencement of the Share Scheme Meeting.

– **Voting by attorney**

  Powers of attorney must be received by the JFH Registry, or at the registered office, by no later than 11.00 am on 15 December 2004 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

  An attorney will be admitted to the Share Scheme Meeting and given a voting card upon providing at the point of entry to the Share Scheme Meeting written evidence of their appointment, of their name and address and the identity of their appointer.

  The sending of a power of attorney will not preclude a JFH member from attending in person and voting at the Share Scheme Meeting if the JFH member is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to JFH at the address specified on the enclosed reply paid envelope or to the address specified below:

Address: Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Facsimile: +61 2 8235 8220

Shareholders should contact the registry of JFH at the above address or on telephone number 1800 137 835 with any queries.

Court approval

If the Share Scheme Resolution is approved at the Share Scheme Meeting by the requisite majorities, the implementation of the Share Scheme (with or without modification) will be subject to among other things, the subsequent approval of the Court.

Annexure 4
Notice of Unit Scheme Meeting

James Fielding Trust
ARSN 089 988 296

Responsible Entity

James Fielding Funds Management Limited
ABN 78 067 417 663

Notice is hereby given that a meeting of unitholders of the James Fielding Trust (JFT) will be held at Rydges Jamison, 11 Jamison Street, Sydney, New South Wales on Friday, 17 December 2004 at 11.30 am or as soon after that time as the Share Scheme Meeting of James Fielding Holdings Limited convened for 11.00 am on the same day has concluded or is adjourned.

Special business

Resolution 1 – Amendment of Trust Deed – Unit Scheme

To consider, and if thought fit, to pass the following resolution as a special resolution of the unitholders in JFT:

"That, subject to and conditional on:

- the Share Scheme (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being approved by the Court under section 411(4) of the *Corporations Act 2001* (with or without modification);
- an office copy of the Order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission;
- the De-stapling Resolution (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being passed at a general meeting of shareholders of James Fielding Holdings Limited (ABN 39 093 200 965) as a special resolution; and
- resolutions 2 and 3 in the notice convening this meeting being passed,

the Constitution of JFT be amended with effect on and from the Implementation Date (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) as set out in the Supplemental Deed contained in Annexure 6 of the Explanatory Memorandum accompanying the notice convening this meeting for the purposes of giving effect to the Unit Scheme and the responsible entity of JFT be authorised to execute and lodge with the Australian Securities and Investments Commission the Supplemental Deed."

Resolution 2 – De-stapling of James Fielding Stapled Securities

To consider and, if thought fit, to pass the following resolution as a special resolution of the unitholders in JFT:

"That, subject to, and conditional on:

- the Share Scheme (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being approved by the Court under section 411(4) of the *Corporations Act 2001* (with or without modification);
- an office copy of the Order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission;
- the De-stapling Resolution (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being passed at a general meeting of shareholders of James Fielding Holdings Limited (ABN 39 093 200 965) (JFH) as a special resolution; and
- resolutions 1 and 3 in the notice convening this meeting being passed,

approval be given:

- for the purposes of clause 27.2(a) of JFT's Constitution, for the responsible entity of JFT to determine that the Stapling provisions of the Constitution will cease to apply and that the Implementation Date (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) is to be the Unstapling Date (as defined in JFT's Constitution); and
- for the purposes of rule 37.2(a) of JFH's Constitution, for the directors of JFH to determine that the Stapling provisions of JFH's Constitution will cease to apply and that the Implementation Date (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) is to be the Unstapling Date (as defined in JFH's Constitution).

Annexure 4 Notice of Unit Scheme Meeting

Resolution 3 – Acquisition of units in the Trust by Mirvac Funds Limited as Responsible Entity of the Mirvac Property Trust

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the unitholders in JFT:

"That, subject to, and conditional on:

– the Share Scheme (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being approved by the Court (with or without modification);

– an office copy of the order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission;

– the De-stapling Resolution (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being passed at a general meeting of shareholders of James Fielding Holdings Limited (ABN 39 093 200 965) as a special resolution; and

– resolutions 1 and 2 in the notice convening this meeting being passed,

the Unit Scheme (as described in the Explanatory Memorandum accompanying the notice convening this meeting) be approved and, in particular, that the acquisition by Mirvac Funds Limited (ABN 70 002 561 640) as responsible entity of Mirvac Property Trust (ABN 29 769 181 534) of a relevant interest in all the units of JFT existing as at the Record Date (as defined in the Explanatory Memorandum) pursuant to the Unit Scheme be approved for the purposes of item 7 of Section 611 of the *Corporations Act 2001*."

By order of the Board of
James Fielding Funds Management Limited
as responsible entity for James Fielding Trust

Adrienne Parkinson
Company Secretary

12 November 2004

Explanatory notes

Terminology

Terms which are defined in the Constitution of JFT or in the Explanatory Memorandum which accompanies this Notice of Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

Quorum

The quorum for a meeting of JFT is two unitholders (in person or by proxy, attorney or by representative) holding at least 10 per cent by value of the units on issue in JFT.

Majorities required

Resolutions 1 and 2 will not be passed unless at least 75 per cent of the votes cast on the resolution are in favour of the resolution.

Resolution 3 will not be passed unless at least 50 per cent of the votes cast on the resolution are in favour of the resolution.

Entitlement to vote

The responsible entity of JFT has determined that, for the purpose of the meeting, units will be taken to be held by the persons who are registered as unitholders as at 7.00 pm on 15 December 2004. Accordingly, transfers not registered until after this time will be disregarded in determining entitlements to vote at the meetings.

Voting exclusions

Any votes cast on each of resolutions 1, 2 and 3 by the responsible entity of JFT or (if they have an interest in the resolution or matter other than as a member of JFT) its associates will be disregarded unless cast as proxy for another member who is entitled to vote and their appointment specifies the way they are to vote on the relevant resolution and they vote that way.

Any votes cast in favour of resolution 3 by Mirvac Funds Limited (ABN 70 002 561 640) or its associates will be disregarded unless cast as proxy for another member who is entitled to vote and their appointment specifies the way they are to vote on the relevant resolution and they vote that way.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy to attend and vote for you.

- **Jointly held securities**

  If the units are jointly held, only one of the joint unitholders is entitled to vote. If more than one unitholder votes in respect of jointly held units, only the vote of the unitholder whose name appears first in the register will be counted.

- **Corporate unitholders**

  To vote at the meeting (other than by proxy or attorney), a corporation that is a unitholder must appoint a person to act as its representative. The appointment must comply with Section 253B of the *Corporations Act 2001*. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

- **Voting by proxy**

  A unitholder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. You may appoint not more than two proxies to attend and act for you at the meeting. A proxy need not be a unitholder of JFT. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

  If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the meeting.

  Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of JFT or the address listed below no less than 48 hours prior to the commencement of the meeting.

- **Voting by attorney**

  Powers of attorney must be received by the JFT Registry, or at the registered office of the responsible entity, by no later than 11.30 am on 15 December 2004 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

  An attorney will be admitted to the meeting and given a voting card upon providing at the point of entry to the meeting written evidence of their appointment, of their name and address and the identity of their appointer.

  The sending of a power of attorney will not preclude a JFT unitholder from attending in person and voting at the meeting if the JFT unitholder is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to JFT at the address specified on the enclosed reply paid envelope or to the address specified below:

Address: Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Facsimile: +61 2 8235 8220

Unitholders should contact the registry of JFT at the above address or on telephone number 1800 137 835 with any queries.

Annexure 5
Notice of General Meeting

James Fielding Holdings Limited
ABN 39 093 200 965

Notice is hereby given that a general meeting of James Fielding Holdings Limited (JFH) will be held at Rydges Jamison, 11 Jamison Street, Sydney, New South Wales on Friday, 17 December 2004 at 11.45 am, or as soon after that time as the Unit Scheme Meeting of James Fielding Trust convened for 11.30 am on the same day has concluded or is adjourned.

Special business

Resolution – De-stapling of James Fielding Stapled Securities

To consider and, if thought fit, to pass the following resolution as a special resolution of the company:

"That, subject to, and conditional on:

– the Share Scheme (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being approved by the Court under section 411(4) of the *Corporations Act 2001* (with or without modification);

– an office copy of the Order of the Court approving the Share Scheme being lodged with the Australian Securities and Investments Commission; and

– the Unit Scheme Resolutions (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) being passed at a meeting of unitholders of the James Fielding Trust (ARSN 089 988 296) (JFT),

approval be given:

– for the purposes of rule 37.2(a) of JFH's Constitution, for the directors of JFH to determine that the Stapling provisions of JFH's Constitution will cease to apply and that the Implementation Date (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) is to be the Unstapling Date (as defined in JFH's Constitution); and

– for the purposes of clause 27.2(a) of the Constitution of JFT, for the responsible entity of JFT to determine that the Stapling provisions of the Constitution of JFT will cease to apply and that the Implementation Date (as defined in the Explanatory Memorandum accompanying the notice convening this meeting) is to be the Unstapling Date (as defined in JFT's Constitution)."

By order of the Board of
James Fielding Holdings Limited

Adrienne Parkinson
Company Secretary

12 November 2004

Explanatory notes

These notes should be read in conjunction with the Notice of Meeting.

Terminology

Terms which are defined in the constitution of JFH and in the Explanatory Memorandum which accompanies this Notice of Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

Quorum

The Constitution of JFH provides that the quorum for a meeting of JFH is two members (either in person or by proxy, attorney or by representative).

Majority required

The resolution will not be passed unless at least 75 per cent of the votes on the resolution are in favour of the resolution.

Entitlement to vote

The directors of JFH have determined that, for the purpose of the meeting, shares will be taken to be held by the persons who are registered as shareholders as at 7.00 pm on 15 December 2004. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the meetings.

Voting at the meeting

You may vote in person at the meeting or appoint a proxy to attend and vote for you.

– **Jointly held securities**

  If the shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

– **Corporate shareholders**

  To vote at the meeting (other than by proxy or attorney), a corporation that is a shareholder must appoint a person to act as its representative. The appointment must comply with Section 250D of the *Corporations Act 2001*. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

– **Voting by proxy**

  A shareholder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. You may appoint not more than two proxies to attend and act for you at the meeting. A proxy need not be a shareholder of JFH. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

  If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the meeting.

  Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of JFH or the address listed below no less than 48 hours prior to the commencement of the meeting.

– **Voting by attorney**

  Powers of attorney must be received by the JFH Registry, or at the registered office, by no later than 11.45 am on 15 December 2004 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

  An attorney will be admitted to the meeting and given a voting card upon providing at the point of entry to the meeting written evidence of their appointment, of their name and address and the identity of their appointer.

  The sending of a power of attorney will not preclude a JFH member from attending in person and voting at the meeting if the JFH member is entitled to attend and vote.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to JFH at the address specified on the enclosed reply paid envelope or to the address specified below:

Address: Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Facsimile: +61 2 8235 8220

Shareholders should contact the registry of JFH at the above address or on telephone number 1800 137 835 with any queries.

Annexure 6
Supplemental Deed

James Fielding Trust

ARSN 089 988 296

James Fielding Funds Management Limited

ABN 78 067 417 663

Date 2004

Party

James Fielding Funds Management Limited
ABN 78 067 417 663 (the Responsible Entity)

Recitals

A. James Fielding Trust ARSN 089 988 296 (Trust) is constituted under a deed dated 19 April 1979 as amended (Constitution).

B. The Responsible Entity is the responsible entity of the Trust.

C. Clause 22 of the Constitution provides that, subject to the *Corporations Act 2001* (Cth) (Act), the Responsible Entity may amend the Constitution.

D. Section 601GC(1)(a) of the Act provides that the Constitution may be modified by a special resolution of members of the Trust.

E. In this Deed, the Responsible Entity proposes to give effect to the special resolution modifying the Constitution set out in the Notice of Meeting and Explanatory Memorandum dated 12 November 2004 and passed by Unit Holders at the meeting held on 17 December 2004 in accordance with the Act and the Constitution.

F. In accordance with section 601GC(2) of the Act, the amendments to the Constitution contained in this Deed will take effect from the date of lodgement of a copy of this Deed with the Australian Securities and Investments Commission.

Operative provisions

1. Definitions

In this Deed, words defined in the Constitution shall (unless defined in this Deed) have the same meaning when used in this Deed.

2. Operation of this deed

(a) This Deed shall take effect as a supplemental deed to the Constitution on the day this Deed is lodged with the Australian Securities and Investments Commission under section 601GC(2) of the Act.

(b) The Responsible Entity must lodge this Deed with the Australian Securities and Investments Commission on the date on which an office copy of the Court order made pursuant to section 411(4)(b) of the *Corporations Act 2001* approving the scheme of arrangement referred to in clause 3(c) is lodged with the Australian Securities and Investments Commission.

3. Amendments to the constitution

With effect from the date on which this Deed takes effect as provided in clause 2, the Constitution is amended by:

(a) inserting a new clause 27A as set out below:

"27A Unit Scheme

27A.1 Implementation of Unit Scheme

(a) Each Unit Holder and the Responsible Entity must do all things which the Responsible Entity considers are necessary or desirable to give effect to the Unit Scheme.

(b) Each Unit Holder irrevocably appoints the Responsible Entity as its agent and attorney (with power to appoint sub- attorneys) to do:

(i) all acts matters and things which the Unit Holder is required to do under this clause 27A (including without limitation completing and signing any transfer and application referred to in clause 27A.2); and

(ii) all other things which the Responsible Entity considers are necessary or desirable to give effect to the Unit Scheme,

without the need for further authority or approval from the Unit Holder.

(c) The Responsible Entity may do any act matter or thing pursuant to this clause 27A notwithstanding that it has an interest in the act matter or thing or any consequence thereof.

(d) In completing any details in respect of a Unit Holder on any transfer, application or other document, the Responsible Entity must include the relevant information about the Unit Holder from the Register at the Record Date.

(e) Subject only to clauses 2 and 28, this clause 27A has effect notwithstanding any other provision of this Deed and any provision of this Deed which is inconsistent with this clause 27A does not operate to the extent of any inconsistency.

27A.2 Transfers to MPT

Without limiting clause 27A.1, on the Implementation Date:

(a) each Unit Holder must complete, execute and deliver a transfer form (which may be in the form of a master transfer applicable to all Sale Units) in respect of, and do all things necessary to transfer, all of its Sale Units free from any encumbrance to Mirvac RE in consideration of the Scheme Consideration; and

(b) each Unit Holder must complete any form of application required by Mirvac RE for the MPT Units comprising the Scheme Consideration (which may be in the form of a master application applicable to all MPT Units to be issued).

27A.3 No manipulation of fractional entitlements

(a) Subject to paragraph (b), if a fractional entitlement to a Mirvac Group Security arises from the calculation of the Scheme Consideration in respect of a Unit Holder, then any such fractional entitlement to a Mirvac Group Security shall be rounded up to the nearest whole number of Mirvac Group Securities.

(b) If the Company and the Responsible Entity are of the opinion that several Unitholders (Relevant Unit Holders), each of whom holds a number of Stapled Securities which results in a fractional entitlement have been party to splitting or division of their Stapled Securities in an attempt to obtain advantage by reference to the rounding up provided for in respect of the Scheme Consideration, the Company or the Responsible Entity may give notice to the Relevant Unit Holders:

(i) setting out the names and addresses of all of the Relevant Unit Holders;

(ii) stating that opinion; and

(iii) attributing to one of them specifically identified in the notice (Specified Unit Holder) the fractional entitlements to Mirvac Group Securities to which the Relevant Unit Holders would, but for this clause, be entitled under the Share Scheme and the Unit Scheme, and, after the notice has been so given, the Scheme Consideration to which the Specified Unit Holder is entitled shall include the sum of the fractional entitlements of all of the Relevant Unit Holders (and paragraph (a) shall apply to the aggregate entitlement of the Specified Unit Holder), and the Scheme Consideration to which each of the Relevant Unit Holders (other than the Specified Unit Holder) is entitled shall be rounded down to the nearest whole number.

27A.4 Cash Out Facility and Security Sale Facility

If a Unit Holder makes an election under clause 3.6 of the Share Scheme, the provisions of clause 3.6 will bind the Unit Holder in accordance with its terms in respect of the Units the subject of the election, and the obligation of Mirvac RE to provide the Scheme Consideration to the Unit Holder under the Unit Scheme will accordingly be subject to clause 3.6 of the Share Scheme.

27A.5 Ineligible Foreign Unit Holders

Unless Mirvac Group in its absolute discretion is satisfied that it may, having regard to applicable foreign laws, issue Mirvac Group Securities to a Foreign Securityholder, either unconditionally or after compliance with conditions which Mirvac Group in its sole discretion regards as acceptable and not unduly onerous, clause 4 of the Share Scheme shall apply in accordance with its terms to the Foreign Securityholder (in its capacity as a Unit Holder of the Trust), and the obligation of Mirvac RE to provide the Scheme Consideration to the Unit Holder under the Unit Scheme will accordingly be subject to clauses 3.6 and 4 of the Share Scheme.

27A.6 Manager's limitation of liability

The Responsible Entity has no liability of any nature whatsoever beyond the Assets to Unit Holders arising, directly or indirectly, from the Responsible Entity doing or refraining from doing any act matter or thing (including the execution of a document) pursuant to or in connection with the implementation of the Unit Scheme.

27A.7 Definitions

In this clause 27A the following words have these meanings unless a contrary intention appears:

Deed Poll means the deed poll dated 11 November 2004 made by Mirvac Group in favour of each holder of Stapled Securities as at the Record Date, a copy of which is annexed to this Constitution (as Annexure C).

Effective Date means the date on which an office copy of the order of the Court made for the purposes of sub-section 411(4)(b) of the Corporations Act in relation to the Share Scheme is lodged with the Australian Securities and Investments Commission.

Exempt Distribution means any distribution made by the Responsible Entity by reference to a record date occurring on or before the Record Date being a distribution which is permitted under the Merger Implementation Agreement.

Foreign Securityholder means a Unit Holder whose address in the Register on the Record Date is in a country other than Australia and New Zealand.

Implementation Date means the date that is one Business Day after the Record Date.

Merger Implementation Agreement means the agreement between the Responsible Entity, Mirvac RE, James Fielding Holdings Limited ABN 39 093 200 965 and Mirvac Limited ABN 92 003 280 699 dated 12 October 2004, a copy of which is annexed to this Constitution (as Annexure A).

Mirvac means Mirvac Limited ABN 92 003 280 699.

Mirvac Group means Mirvac and Mirvac RE.

Mirvac Group Securities means Mirvac shares and MPT Units.

Mirvac RE means Mirvac Funds Limited ABN 70 002 561 640 as responsible entity of MPT.

MPT means the Mirvac Property Trust ABN 29 769 181 534.

MPT Unit means a fully paid ordinary unit in MPT which is stapled to a fully paid ordinary share in Mirvac Limited ABN 92 003 280 699.

Record Date has the meaning given to it in the Share Scheme.

Sale Units means all Units in issue on the Implementation Date including all rights attached and all rights accruing in respect of the Units as at the Implementation Date (other than the right to receive the Exempt Distribution).

Scheme Consideration means, for each Unit Holder, the number of MPT Units which is the product determined by multiplying the number of Sale Units held by the Unit Holder by 0.73, which is to be provided by Mirvac RE on transfer of the Sale Units held by the Unit Holder to Mirvac RE in accordance with the Unit Scheme, which MPT Units will be stapled to an equivalent number of Mirvac shares to which the Unit Holder will become entitled under the Share Scheme.

Share Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act made between the Company and its shareholders under which Mirvac acquires all the Shares in the Company, a copy of which is annexed to this Constitution (as Annexure B).

Unit Scheme means the arrangement under which Mirvac RE acquires all of the Sale Units from Unit Holders as contemplated in this clause 27A in return for providing the Scheme Consideration as contemplated in the 'Deed Poll'.**"**; and

(b) by annexing to the Constitution (as Annexure A) a copy of the Merger Implementation Agreement made between the Responsible Entity, Mirvac Funds Limited as responsible entity of the Mirvac Property Trust, James Fielding Holdings Limited and Mirvac Limited dated 12 October 2004 (a copy of which is annexed to this deed); and

(c) by annexing to the Constitution (as Annexure B) a copy of the scheme of arrangement under Part 5.1 of the *Corporations Act 2001* made on the Effective Date between James Fielding Holdings Limited and its shareholders under which Mirvac Limited acquires all the shares in James Fielding Holdings Limited (a copy of which is annexed to this deed); and

(d) by annexing to the Constitution (as Annexure C) a copy of the Deed Poll dated 11 November 2004 made by Mirvac Funds Limited as responsible entity of the Mirvac Property Trust and Mirvac Limited in favour of each holder of JFG Stapled Securities as at the Record Date (as defined in the abovementioned scheme of arrangement) (a copy of which is annexed to this deed) in relation to the acquisition by Mirvac Limited and Mirvac Funds Limited as responsible entity of the Mirvac Property Trust of James Fielding Holdings Limited and the James Fielding Trust, respectively.

4. Governing law

This Deed will be governed by the laws of the State of New South Wales.

EXECUTED as a Deed Poll.

EXECUTED by **James Fielding Funds Management Limited:**

Signature of director	Signature of director/secretary
Name	Name

ANNEXURES

Annexure A – merger implementation agreement

(Refer to the summary of this agreement in Section 10 of the Explanatory Memorandum (Commencing on page 180), or to JFG's ASX announcement made on 12 October 2004)

Annexure B – scheme of arrangement

(Refer to Annexure 2 on page 213 of the Explanatory Memorandum)

Annexure C – deed poll

(Refer to Annexure 1 on page 208 of the Explanatory Memorandum)

Corporate directory

Company/Responsible entity
James Fielding Holdings Limited
ABN 39 093 200 965

James Fielding Funds Management
ABN 78 067 417 663
as responsible entity of James Fielding Trust
ARSN 089 988 296

Registered office
Level 22, 56 Pitt Street
Sydney NSW 2000

Telephone: 02 9274 7700
Facsimile: 02 9274 7750

Web: www.jamesfielding.com.au

Board of directors
James MacKenzie (Chairman)
Greg Paramor
Nicholas Collishaw
Tim Regan
James Dominguez
John Elvy
Robert Summerton
Richard Turner

Company secretary
Adrienne Parkinson

JFG Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Web: www.computershare.com

Taxation advisor
PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 1171

Financial advisor
BG Capital Corporation Limited
Level 22, 56 Pitt Street
Sydney NSW 2000

Independent Expert
Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000

JFG Information Line
1800 137 835

Explanatory Memorandum

in relation to a recommended acquisition of James Fielding Group by Mirvac Group