by mirvac

MIRVAC PROPERTY TRUST
AND ITS CONTROLLED ENTITIES

INTERIM REPORT

FOR THE HALF YEAR
ENDED 31 DECEMBER 2010

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Mirvac Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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

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

COVER IMAGE: 8 CHIFLEY SQUARE, SYDNEY, NSW

The Directors of Mirvac Funds Limited (ABN 70 002 561 640), the Responsible Entity of Mirvac Property Trust ("MPT" or "Trust") present their report, together with the consolidated report of MPT and its controlled entities ("consolidated entity"), for the half year ended 31 December 2010.

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

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

Directors
The following persons were Directors of Mirvac Funds Limited during the half year and up to the date of this report:

James MacKenzie
Nicholas Collishaw
Peter Hawkins
James Millar
Penny Morris
John Mulcahy
Elana Rubin (appointed as a Director on 11 November 2010).

Review of operations and activities
The statutory profit after tax attributable to the stapled unitholders of the Trust for the half year ended 31 December 2010 was $276.9m (December 2009: $108.7m). The operating profit (profit before specific non-cash items and significant items) was $198.5m (December 2009: $149.4m).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items. The following table summarises key reconciling items between statutory profit after tax attributable to the stapled unitholders of MPT and operating profit:

	31 December 2010 $m	31 December 2009 $m
Profit attributable to the stapled unitholders of MPT	**276.9**	108.7
Specific non-cash items		
Net (gain)/loss on fair value of investment properties	**(78.2)**	112.8
Net (gain)/loss on fair value of investment properties under construction ("IPUC")	**(5.6)**	39.6
Net gain on fair value of derivative financial instruments and associated foreign exchange movements	**(14.8)**	(0.9)
Straight-lining of lease revenue	**(7.6)**	(0.3)
Amortisation of lease incentives	**5.4**	5.1
Net (gain)/loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates and joint ventures	**(1.5)**	8.3
Significant items		
Impairment of goodwill	**7.1**	–
Net gain on sale of investment properties	**–**	(0.3)
Net gain on sale of non-aligned assets	**–**	(0.5)
Discount on business combination	**–**	(119.8)
Net gain on remeasurement of equity interest	**–**	(25.3)
Business combination transaction costs	**16.8**	22.0
Operating profit (profit before specific non-cash items and significant items)	**198.5**	149.4

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Key financial and operational highlights for the six months ended 31 December 2010 included:

- profit attributable to the stapled unitholders of MPT was $276.9m;
- operating profit of $198.5m, representing 5.88 cents per unit;
- decrease in net tangible assets per unit to $1.56 from $1.67 at 31 December 2009;
- total assets of $6,910.6m;
- net increase of $83.8m in revaluations across the investment property portfolio;
- distribution of $136.6m, representing 4.0 cents per unit;
- finalising the acquisition of the Westpac office portfolio ("WOP"), adding approximately $1,152.7m [1] of investment grade assets;
- continued the rebalancing of the MPT portfolio with the sale of eight assets not meeting the consolidated entity's return hurdles, and re-weighting the portfolio with a greater exposure to the office sector; and
- commenced commercial development projects including the demolition of 8 Chifley Square, Sydney NSW, to develop into a premium grade office tower.

The consolidated entity had a total portfolio value of $5,658.3m, with investments in 68 assets, covering the office, retail, industrial and hotel sectors, as well as investments in other funds managed by Mirvac.

Key highlights for the consolidated entity for the six months ended 31 December 2010 included:

- successful acquisition and transition of WOP into the consolidated entity, in line with the consolidated entity's strategy of securing Australian recurring rental income;
- disposal of eight non-aligned assets realising $149.9m (before costs), including:
  - James Ruse Business Park, Northmead NSW for $28.2m in July 2010;
  - 253 Wellington Road, Mulgrave VIC for $4.7m in July 2010;
  - Hawdon Industry Park, Dandenong VIC for $13.3m in August 2010;
  - Morayfield SupaCentre, Morayfield QLD for $38.5m in August 2010;
  - Orion hardware land, Springfield QLD for $4.5m in August 2010;
  - Blacktown Megacentre, Blacktown NSW for $26.2m in December 2010;
  - Network, Old Wallgrove Road, Eastern Creek NSW for $6.0m in December 2010; and
  - Lake Haven Megacentre, Lakehaven NSW for $28.5m which settled post 31 December 2010 (February 2011).

The consolidated entity maintained its strong portfolio metrics with a high portfolio occupancy of 98.2 per cent (by area), and minimal lease expiries with a weighted average lease expiry of 6.2 years (by area). The consolidated entity's earnings continue to be secure with 94.8 per cent of FY11 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 83.9 per cent of revenue derived from multinational, national, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook

The consolidated entity remains focused on active asset management and further enhancing the quality of the portfolio. The consolidated entity will focus on its $1,408.3m development pipeline which will be delivered by the Mirvac Development Division, providing quality assets at enhanced returns.

CAPITAL MANAGEMENT

Post 31 December 2010, Mirvac announced it had successfully refinanced its syndicated bank facilities in line with its debt strategy. The transaction involved refinancing existing tranches maturing in June 2011 and January 2012 to a new $1,852.5m facility. The new multicurrency revolving facility is now made up of one to five year maturities.

Outlook

Mirvac remains focused on managing its strong capital structure to ensure it can continue to meet its strategic objectives without increasing its overall risk profile.

Auditor's independence declaration

A copy of the auditor's independence declaration required under section 307C of the *Corporations Act 2001* is set out on page 03.

Rounding of amounts

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

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

Nicholas Collishaw
Director

Sydney
22 February 2011

1) Includes the acquisition of 54-60 Talavera Road, North Ryde, NSW.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Mirvac Property Trust for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
22 February 2011

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	31 December 2010 $m	Consolidated 31 December 2009 $m
Revenue from continuing operations			
Investment properties rental revenue		**259.6**	173.6
Interest revenue		**38.6**	41.6
Distribution revenue		**0.5**	0.8
Other revenue		**–**	0.9
Total revenue from continuing operations		**298.7**	216.9
Other income			
Share of net profit of associates and joint ventures accounted for using the equity method		**15.3**	1.2
Net gain/(loss) on fair value of investment properties		**78.2**	(112.8)
Net gain/(loss) on fair value of IPUC		**5.6**	(39.6)
Gain on financial instruments		**11.9**	0.9
Foreign exchange gain		**2.9**	–
Net gain on sale of investments		**–**	0.5
Net (loss)/gain on sale of investment properties		**(0.7)**	0.3
Discount on business combination		**–**	119.8
Net gain on remeasurement of equity interest		**–**	25.3
Total other income		**113.2**	(4.4)
Total revenue from continuing operations and other income		**411.9**	212.5
Investment properties expenses		**(61.1)**	(48.8)
Amortisation expense		**(7.8)**	(6.7)
Impairment of goodwill	7	**(7.1)**	–
Finance costs	5	**(37.6)**	(22.0)
Business combination transaction costs	14	**(16.8)**	(22.0)
Other expenses		**(4.3)**	(2.6)
Profit before income tax		**277.2**	110.4
Income tax expense		**(0.3)**	(0.3)
Profit for the half year		**276.9**	110.1
Other comprehensive income for the half year			
Exchange differences on translation of foreign operations		**(0.8)**	0.7
Other comprehensive income		**(0.8)**	0.7
Total comprehensive income for the half year		**276.1**	110.8
Profit for the half year is attributable to:			
– Stapled unitholders of MPT		**276.9**	108.7
– Non-controlling interest ("NCI")		**–**	1.4
		276.9	110.1
Total comprehensive income for the half year is attributable to:			
– Stapled unitholders of MPT		**276.1**	109.4
– NCI		**–**	1.4
		276.1	110.8
Earnings per stapled unit for profit attributable to the stapled unitholders of MPT		**Cents**	Cents
Basic earnings per unit	4	**8.20**	3.85
Diluted earning per unit	4	**8.17**	3.83

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

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Note	**31 December 2010 $m**	Consolidated 30 June 2010 $m
Current assets			
Cash and cash equivalents	13	**542.7**	345.9
Receivables		**616.5**	717.1
Derivative financial assets		**0.1**	2.0
Other financial assets at fair value through profit or loss		**18.0**	18.0
Assets classified as held for sale		**31.2**	53.7
Other assets		**4.7**	8.9
Total current assets		**1,213.2**	1,145.6
Non-current assets			
Receivables		**11.9**	13.0
Derivative financial assets		**6.9**	4.4
Investment properties	6	**5,395.9**	4,212.3
Intangible assets	7	**69.5**	49.9
Investments accounted for using the equity method	11	**213.2**	207.0
Total non-current assets		**5,697.4**	4,486.6
Total assets		**6,910.6**	5,632.2
Current liabilities			
Payables		**133.8**	116.7
Borrowings	8	**864.6**	217.7
Derivative financial liabilities		**0.2**	0.6
Provisions		**68.3**	65.3
Total current liabilities		**1,066.9**	400.3
Non-current liabilities			
Borrowings	8	**471.8**	176.5
Derivative financial liabilities		**4.7**	15.6
Total non-current liabilities		**476.5**	192.1
Total liabilities		**1,543.4**	592.4
Net assets		**5,367.2**	5,039.8
Equity			
Contributed equity	9	**5,093.8**	4,905.9
Reserves		**6.4**	7.2
Retained earnings		**267.0**	126.7
Equity and reserves attributable to stapled unitholders of MPT		**5,367.2**	5,039.8
Total equity		**5,367.2**	5,039.8

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

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated	Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
	Attributable to stapled unitholders of MPT				
Balance 1 July 2010	4,905.9	7.2	126.7	–	5,039.8
Total comprehensive income for the half year	–	(0.8)	276.9	–	276.1
Long term incentive plan ("LTI plan") and Employee Incentive Scheme ("EIS") units converted, sold or forfeited	1.9	–	–	–	1.9
Contributions of equity, net of transaction costs	186.0	–	–	–	186.0
Distributions provided for or paid	–	–	(136.6)	–	(136.6)
Total transactions with owners in their capacity as owners	187.9	–	(136.6)	–	51.3
Balance at 31 December 2010	**5,093.8**	**6.4**	**267.0**	**–**	**5,367.2**
Balance 1 July 2009	4,323.0	0.9	(6.5)	54.9	4,372.3
Total comprehensive income for the half year	–	0.7	108.7	1.4	110.8
LTI plan and EIS units converted, sold or forfeited	2.7	–	–	–	2.7
Contributions of equity, net of transaction costs	234.8	–	–	–	234.8
Distributions provided for or paid	–	–	(116.0)	(1.4)	(117.4)
Discount on acquisition of NCI	–	5.4	–	–	5.4
NCI	–	–	–	(54.9)	(54.9)
Total transactions with owners in their capacity as owners	237.5	5.4	(116.0)	(56.3)	70.6
Balance at 31 December 2009	4,560.5	7.0	(13.8)	–	4,553.7

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

	Note	31 December 2010 $m	Consolidated 31 December 2009 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**286.7**	194.2
Payments to suppliers (inclusive of goods and services tax)		**(96.4)**	(65.7)
		190.3	128.5
Interest received		**35.3**	40.8
Distributions received		**6.4**	9.3
Borrowing costs paid		**(41.2)**	(31.5)
Income tax paid		**(0.3)**	(0.3)
Net cash inflows from operating activities	13	**190.5**	146.8
Cash flows from investing activities			
Payments for investment properties		**(41.9)**	(20.0)
Proceeds from sale of investment properties and assets classified as held for sale		**119.0**	39.9
Proceeds from associates and joint ventures		**–**	1.9
Acquisition of controlled entities, net of cash acquired		**(213.2)**	(25.5)
Proceeds from loans to entities related to the Responsible Entity		**81.8**	–
Net cash outflows from investing activities		**(54.3)**	(3.7)
Cash flows from financing activities			
Proceeds from borrowings		**820.0**	12.1
Repayments of borrowings		**(619.7)**	(696.2)
Distributions paid		**(133.6)**	(59.5)
Distributions paid to NCI		**–**	(1.4)
Distributions paid as part of business combination		**(8.0)**	(6.3)
Payments for NCI		**–**	(13.7)
Proceeds from issue of stapled units		**1.9**	223.1
Contributed equity raising costs		**–**	(5.3)
Net cash inflows/(outflows) from financing activities		**60.6**	(547.2)
Net increase/(decrease) in cash and cash equivalents		**196.8**	(404.1)
Cash and cash equivalents at the beginning of the half year		**345.9**	687.3
Cash and cash equivalents at the end of the half year	13	**542.7**	283.2

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

1 BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial statements consist of the consolidated financial statements of MPT and its controlled entities.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by MPT during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

a) Impact of standards issued but not yet applied
In December 2009, the Australian Accounting Standards Board ("AASB") issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the consolidated entity's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The consolidated entity is yet to assess its full impact. However, initial indications are that it may affect the consolidated entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The consolidated entity has not yet decided when to adopt AASB 9.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Critical judgements in applying the consolidated entity's accounting policies
The following are the critical judgements that management has made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Fair value estimation
Some financial assets and liabilities are carried at fair value. The fair value is based on assumptions of future events and involves significant estimates. The fair values of derivatives reported at the end of the reporting period may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

b) Key sources of estimation uncertainty
In preparing the financial statements, management is required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next 12 months:

i) Impairment of goodwill
The consolidated entity annually tests whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units ("CGUs") to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the net present value ("NPV"). The carrying amount of goodwill at the end of the reporting period was $69.5m (June 2010: $49.9m). The impairment loss recognised during the half year was $7.1m (December 2009: $nil).

ii) Estimated impairment of investments accounted for using the equity method
The consolidated entity tests investments accounted for using the equity method, by comparing recoverable amounts (higher of value in use, and fair value less cost to sell) with the carrying amounts, whenever there is indication that an investment may be impaired. In determining the value in use of the investment, the consolidated entity estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal.

iii) Fair value of investments not traded in active markets
The fair value of investments that are not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by the NPV calculations, using future cash flows and an appropriate post-tax discount rate. The carrying value of investments not traded in an active market determined using the above techniques and assumptions was $18.0m (June 2010: $18.0m) and is disclosed as financial assets at fair value through profit or loss.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

iv) Valuation of investment properties
The consolidated entity uses judgement in respect of the fair values of investment properties. Investment properties are revalued by external valuers on a rotation basis, with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The carrying value at the end of the reporting period for investment properties was $5,395.9m (June 2010: $4,212.3m).

v) Valuation of IPUC
IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated cost to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either discounted cash flow ("DCF") or residual methods. Both methods require consideration of the project risks which are relevant to the development process, including but not limited to construction and letting risks. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The net gain on fair value of IPUC for the half year was $5.6m (December 2009: net loss $39.6m). The carrying value of $78.5m (June 2010: $71.5m) at the end of the reporting period is included in investment properties.

vi) Valuation of assets acquired in business combinations
During the period, the consolidated entity completed the acquisition of WOP (refer to note 14). On recognising this acquisition, management used estimations and assumptions on the fair value of the assets and liabilities assumed at the date of control.

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

3 SEGMENTAL INFORMATION

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

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

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

The main business segments of the consolidated entity are the investment in properties which are leased to third parties for the following uses:
- Office — office accommodation;
- Retail — retail accommodation;
- Industrial — factories and other industrial use accommodation;
- Other — hotel and car park facilities accommodation; and
- Unallocated — not attributed directly to one of the above segments.

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

c) Comparative information
When necessary, comparative information has been reclassified to achieve consistency in disclosure in current period amounts and other disclosures.

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

e) Geographical analysis
The consolidated entity operates predominantly in Australia.

3 SEGMENTAL INFORMATION (CONTINUED)

f) Customer analysis

83.9 per cent (December 2009: 65.9 per cent) of the consolidated entity's revenue is derived from government, ASX listed, national and multinational tenants. In the current period, Westpac provided 13.7 per cent and government tenants provided 10.1 per cent of the consolidated entity's revenue primarily within the office segment (December 2009: no single customer provided more than 10 per cent of the consolidated entity's revenue).

Half year ended 31 December 2010	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Total $m**
Revenue from continuing operations						
Investment properties rental revenue[1]	132.2	96.0	18.2	5.6	–	**252.0**
Investment properties expenses	(27.1)	(32.1)	(2.9)	(1.4)	–	**(63.5)**
Net property income	105.1	63.9	15.3	4.2	–	**188.5**
Interest revenue	–	–	–	–	38.6	**38.6**
Distribution revenue	–	–	–	–	0.5	**0.5**
Net loss on sale of investment properties	–	–	–	–	(0.7)	**(0.7)**
Share of net profit of associates and joint ventures accounted for using the equity method	–	–	–	–	13.8	**13.8**
Finance costs	–	–	–	–	(37.6)	**(37.6)**
Other expenses	–	–	–	–	(4.3)	**(4.3)**
Profit before income tax	105.1	63.9	15.3	4.2	10.3	**198.8**
Income tax expense	–	–	–	–	(0.3)	**(0.3)**
Operating profit (profit before specific non-cash items and significant items)	105.1	63.9	15.3	4.2	10.0	**198.5**
Specific non-cash items						
Net gain on fair value of investment properties	66.1	6.7	1.2	4.2	–	**78.2**
Net gain on fair value of IPUC	(0.9)	6.0	0.5	–	–	**5.6**
Net loss on fair value of derivative financial instruments and associated foreign exchange movements	–	–	–	–	14.8	**14.8**
Straight-lining of lease revenue	7.1	–	0.5	–	–	**7.6**
Amortisation of lease incentives	(4.3)	(1.0)	(0.1)	–	–	**(5.4)**
Net loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates	–	–	–	–	1.5	**1.5**
Significant items						
Impairment of goodwill	–	(7.1)	–	–	–	**(7.1)**
Business combination transaction costs	(15.0)	–	(1.8)	–	–	**(16.8)**
Profit attributable to the stapled unitholders of MPT	158.1	68.5	15.6	8.4	26.3	**276.9**

1) Investment properties rental revenue reconciles to that in the statement of comprehensive income after adjusting for straight-lining of lease revenue.

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2009	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Revenue from continuing operations						
Investment properties rental revenue[1]	70.7	83.8	13.0	5.8	–	173.3
Investment properties expenses	(17.5)	(29.0)	(2.6)	(1.3)	–	(50.4)
Net property income	53.2	54.8	10.4	4.5	–	122.9
Interest revenue	–	–	–	–	41.6	41.6
Distribution revenue	–	–	–	–	0.8	0.8
Other revenue	–	–	–	–	0.9	0.9
Share of net profit of associates and joint ventures accounted for using the equity method	–	–	–	–	9.5	9.5
Finance costs	–	–	–	–	(22.0)	(22.0)
Other expenses	–	–	–	–	(2.6)	(2.6)
Profit before income tax	53.2	54.8	10.4	4.5	28.2	151.1
Profit attributable to NCI	–	–	–	–	(1.4)	(1.4)
Income tax expense	–	–	–	–	(0.3)	(0.3)
Operating profit (profit before specific non-cash items and significant items)	53.2	54.8	10.4	4.5	26.5	149.4
Specific non-cash items						
Net loss on fair value of investment properties	(34.5)	(46.2)	(20.0)	(12.1)	–	(112.8)
Net loss on fair value of IPUC	(35.8)	(3.8)	–	–	–	(39.6)
Net gain on fair value of financial instruments	–	–	–	–	0.9	0.9
Straight-lining of lease revenue	0.3	–	–	–	–	0.3
Amortisation of lease incentives	(4.2)	(0.8)	(0.1)	–	–	(5.1)
Net loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates and joint ventures	–	–	–	–	(8.3)	(8.3)
Significant items						
Net gain on sale of investment properties	–	–	–	–	0.3	0.3
Net gain on sale of non-aligned assets	–	–	–	–	0.5	0.5
Discount on business combination	39.6	50.9	29.3	–	–	119.8
Net gain on remeasurement of equity interest	8.3	10.7	6.3	–	–	25.3
Business combination transactions costs	(7.3)	(9.3)	(5.4)	–	–	(22.0)
Profit/(loss) attributable to the stapled unitholders of MPT	19.6	56.3	20.5	(7.6)	19.9	108.7

1) Investment properties rental revenue reconciles to that in the statement of comprehensive income after adjusting for straight-lining of lease revenue.

3 SEGMENTAL INFORMATION (CONTINUED)

31 December 2010	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Total $m**
Segment assets	3,243.3	1,686.9	372.9	92.7	1,514.8	**6,910.6**
Segment liabilities	11.0	12.3	6.0	–	1,514.1	**1,543.4**
Investments accounted for using the equity method	–	–	–	–	213.2	**213.2**
Acquisitions of investment properties including capital expenditure	1,083.9	7.3	121.5	0.2	–	**1,212.9**
Amortisation expense	5.6	1.9	0.3	–	–	**7.8**

31 December 2009	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Segment assets	1,732.8	1,769.3	417.9	88.0	1,313.3	5,321.3
Segment liabilities	1.8	22.0	–	–	743.7	767.5
Investments accounted for using the equity method	–	–	–	–	211.2	211.2
Acquisitions of investment properties including capital expenditure	268.4	310.4	173.0	–	–	751.8
Amortisation expense	5.2	1.3	0.2	–	–	6.7

4 EARNINGS PER UNIT

		Consolidated
	31 December 2010 Cents	31 December 2009 Cents
Earnings per unit		
Basic earnings per unit	**8.20**	3.85
Diluted earnings per unit[1]	**8.17**	3.83
	$m	$m
Basic and diluted earnings per unit		
Profit attributable to the stapled unitholders of MPT used in calculating earnings per unit	**276.9**	108.7
Weighted average number of units used as denominator[1]	**Number m**	Number m
Weighted average number of units used in calculating basic earnings per unit	**3,376.6**	2,820.8
Adjustment for calculation of diluted earnings per unit		
Units issued under EIS	**11.5**	15.7
Weighted average number of units used in calculating diluted earnings per unit	**3,388.1**	2,836.5

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

5 FINANCE COSTS

		Consolidated
	31 December 2010 $m	31 December 2009 $m
Interest and finance charges paid/payable, net of provision release	**36.9**	20.7
Borrowing costs amortised	**0.7**	1.3
Total finance costs	**37.6**	22.0

6 INVESTMENT PROPERTIES

	Date of acquisition	Book value 31 Dec 2010 $m	Book value 30 Jun 2010 $m	Capitalisation rate 31 Dec 2010 %	Capitalisation rate 30 Jun 2010 %	Discount rate 31 Dec 2010 %	Discount rate 30 Jun 2010 %	Date of last external valuation	Last external valuation $m
1 Castlereagh Street, Sydney NSW	December 1998	**72.5**	68.0	**7.50**	7.65	**9.50**	9.50	June 2010	68.0
1 Darling Island, Pyrmont, NSW	April 2004	**175.0**	163.0	**7.00**	7.25	**9.25**	9.25	December 2010	175.0
1 Hugh Cairns Avenue, Bedford Park SA [1,4]	August 2010	**17.8**	–	**9.00**	–	**10.50**	–	–	–
1 Woolworths Way NSO, Bella Vista NSW [1,4]	August 2010	**250.0**	–	**7.75**	–	**9.00**	–	–	–
10 Julius Avenue, North Ryde NSW [4]	December 2009	**52.7**	53.8	**8.25**	8.25	**9.75**	9.75	–	–
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	June 1994	**238.5**	242.2	**6.75-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.50	December 2010	238.5
10-20 Bond Street, Sydney NSW (50% interest) [4]	December 2009	**107.7**	92.3	**7.50**	7.50	**9.25**	9.25	December 2009	85.0
12 Cribb Street, Milton QLD [4]	December 2009	**12.6**	13.3	**9.25**	9.00	**10.25**	10.25	December 2009	13.3
12 Julius Avenue, North Ryde NSW [4]	December 2009	**22.8**	24.2	**8.50**	8.50	**9.50**	9.75	–	–
1-47 Percival Road, Smithfield NSW	November 2002	**27.5**	27.5	**8.25**	8.25	**9.75**	9.75	March 2010	27.5
189 Grey Street, Southbank QLD	April 2004	**67.5**	65.0	**7.75**	7.75	**9.25**	9.25	June 2010	65.0
19 Corporate Drive, Cannon Hill QLD [1,4]	August 2010	**23.0**	–	**9.00**	–	**10.00**	–	–	–
190 George Street, Sydney NSW	August 2003	**36.8**	36.7	**8.75**	8.50	**9.50**	9.25	December 2009	36.7
1900-2060 Pratt Boulevard, Chicago Illinois USA	December 2007	**30.8**	30.8	**8.00**	8.00	**10.00**	10.50	December 2009	33.6
191-197 Salmon Street, Port Melbourne VIC	July 2003	**102.3**	100.0	**7.75**	8.00	**9.25**	9.50	June 2010	100.0
200 George Street, Sydney NSW	October 2001	**24.8**	24.8	**8.25**	8.25	**9.50**	9.25	December 2009	24.8
271 Lane Cove Road, North Ryde NSW	April 2000	**32.5**	33.0	**8.00**	8.00	**9.50**	9.50	June 2010	33.0
275 Kent Street, Sydney NSW [1,4]	August 2010	**745.0**	–	**6.75**	–	**8.75**	–	December 2010	745.0
3 Rider Boulevard, Rhodes NSW [4]	December 2009	**76.3**	73.0	**7.75**	8.00	**9.25**	9.25	–	–
32 Sargents Road, Minchinbury NSW [4]	December 2009	**24.3**	24.1	**8.75**	8.75	**9.00**	9.25	–	–
33 Corporate Drive, Cannon Hill QLD [1,4]	August 2010	**17.8**	–	**8.75**	–	**9.25**	–	–	–
340 Adelaide Street, Brisbane QLD [4]	December 2009	**56.0**	67.0	**9.00**	9.00	**10.00**	9.50	December 2010	56.0
38 Sydney Avenue, Forrest ACT	June 1996	**35.0**	37.5	**8.50**	8.75	**9.50**	9.25	December 2010	35.0
40 Miller Street, North Sydney NSW	March 1998	**97.2**	93.5	**7.25**	7.50	**9.25**	9.25	June 2010	93.5
47-67 Westgate Drive, Altona North VIC [4]	December 2009	**19.6**	19.2	**9.50**	9.50	**10.00**	10.00	December 2009	19.0
52 Huntingwood Drive, Huntingwood NSW [4]	December 2009	**22.4**	23.0	**9.00**	9.00	**9.50**	9.50	–	–
54 Marcus Clarke Street, Canberra ACT	October 1987	**15.8**	16.0	**9.50**	9.50	**9.75**	9.75	December 2010	15.8
54-60 Talavera Road, North Ryde NSW [1,4]	August 2010	**45.0**	–	**7.50**	–	**9.50**	–	December 2010	45.0
55 Coonara Avenue, West Pennant Hills NSW [1,4]	August 2010	**99.0**	–	**8.50**	–	**9.50**	–	December 2010	99.0
64 Biloela Street, Villawood NSW	February 2004	**19.5**	21.5	**9.50**	9.50	**10.50**	10.50	September 2009	21.5
Aviation House, 16 Furzer Street, Phillip ACT	July 2007	**69.8**	67.0	**7.50**	7.75	**9.25**	9.50	June 2010	67.0
Ballina Central, Ballina NSW	December 2004	**29.0**	32.0	**8.25**	8.25	**9.75**	9.75	June 2009	34.5
Bay Centre, Pirrama Road, Pyrmont NSW	June 2001	**110.0**	97.0	**7.50**	7.50	**9.25**	9.25	June 2010	97.0
Blacktown Megacentre, Blacktown NSW [2]	June 2002	**–**	26.0	**–**	9.25	**–**	10.00	–	–
Broadway Shopping Centre, Broadway NSW (50% interest)	January 2007	**225.0**	221.5	**6.25**	6.25	**9.00**	9.00	June 2010	221.5
Cherrybrook Village Shopping Centre, Cherrybrook NSW [4]	December 2009	**75.8**	73.8	**7.50**	7.50	**9.50**	9.50	–	–
City Centre Plaza, Rockhampton QLD [4]	December 2009	**44.0**	44.0	**8.25**	8.25	**9.75**	9.75	–	–
Como Centre, Cnr Toorak & Chapel Streets, South Yarra VIC	August 1998	**148.6**	141.5	**8.25-8.75**	8.25-9.00	**9.25-11.00**	9.25-11.25	June 2009	136.8
Cooleman Court, Weston ACT [4]	December 2009	**44.0**	44.0	**7.75**	7.75	**9.50**	9.50	June 2010	44.0
Gippsland Centre, Sale VIC	January 1994	**50.3**	49.8	**8.25**	8.25	**9.50**	9.50	June 2010	49.8
Hinkler Central, Bundaberg QLD	August 2003	**88.0**	88.0	**7.75**	7.75	**9.50**	9.50	March 2009	84.0
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**52.3**	59.0	**9.00**	9.00	**9.50**	9.25	March 2009	54.0
Kawana Shoppingworld, Buddina QLD	December 1993 (50%) June 1998 (50%)	**202.6**	200.6	**6.75**	6.75	**9.25**	9.25	June 2010	200.6
Lake Haven Megacentre, Lake Haven NSW [3]	January 2007	**–**	26.5	**–**	9.75	**–**	10.25	–	–
Logan Megacentre, Logan QLD	October 2005	**61.5**	63.0	**9.25**	9.25	**10.25**	10.25	December 2010	61.5

6 INVESTMENT PROPERTIES (CONTINUED)

	Date of acquisition	Book value **31 Dec 2010 $m**	Book value 30 Jun 2010 $m	Capitalisation rate **31 Dec 2010 %**	Capitalisation rate 30 Jun 2010 %	Discount rate **31 Dec 2010 %**	Discount rate 30 Jun 2010 %	Date of last external valuation	Last external valuation $m
Metcentre & 60 Margaret Street, Sydney NSW (50% interest)	August 1998	**217.5**	212.0	**6.50-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.50	December 2010	217.5
Moonee Ponds Central (Stage II), Moonee Ponds VIC	February 2008	**39.0**	39.0	**8.50**	8.50	**9.75**	9.75	June 2010	39.0
Moonee Ponds Central, Moonee Ponds VIC	May 2003	**23.2**	22.8	**7.75**	7.75	**9.50**	9.50	June 2010	22.8
Morayfield Supa Centre, Morayfield QLD [2,4]	December 2009	**–**	37.5	**–**	9.75	**–**	10.50	–	–
Nexus Industry Park (Atlas), Lyn Parade, Prestons NSW	August 2004	**17.9**	17.1	**8.25**	8.25	**9.75**	9.75	September 2009	17.1
Nexus Industry Park (DeLonghi), Lyn Parade, Prestons NSW	August 2004	**21.8**	21.5	**8.50**	8.75	**9.50**	9.50	September 2009	21.5
Nexus Industry Park (HPM Legrand), Lyn Parade, Prestons NSW	August 2004	**14.8**	14.8	**8.50**	8.75	**9.75**	9.50	December 2010	14.8
Nexus Industry Park (NatSteel), Lyn Parade, Prestons NSW	August 2004	**12.3**	12.0	**8.50**	8.75	**9.25**	9.50	March 2009	12.5
Orange City Centre, Orange NSW	April 1993	**49.0**	49.0	**8.25**	8.25	**9.25**	9.25	June 2010	49.0
Orion Springfield Town Centre, Springfield QLD	August 2002	**136.0**	143.0	**6.75**	6.75	**9.25**	9.00	December 2010	136.0
Peninsula Lifestyle, Mornington VIC	December 2003	**45.0**	46.0	**9.75**	9.25	**10.25**	10.00	December 2010	45.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	November 1989	**29.0**	28.5	**8.50**	8.50	**10.25**	10.25	June 2009	37.0
Rhodes Shopping Centre, Rhodes NSW (50% interest)	January 2007	**102.0**	99.0	**7.00**	7.00	**9.25**	9.25	June 2010	99.0
Riverside Quay, Southbank VIC	April 2002 & July 2003	**163.2**	151.2	**7.75-8.25**	8.00-8.25	**9.50-10.25**	9.50-10.25	June 2010	151.2
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	October 1995 (50%) April 2001 (50%)	**106.6**	104.0	**8.00**	8.25	**9.00**	9.25	June 2009	101.5
Sirius Building, 23 Furzer Street, Phillip ACT	February 2010	**233.0**	225.0	**7.25**	7.25	**9.25**	9.25	June 2010	225.0
St George Centre, 60 Marcus Clarke Street, Canberra ACT	September 1989	**51.5**	51.5	**8.75**	8.50	**9.00**	9.00	June 2009	52.0
St Marys Village Centre, St Marys NSW	January 2003	**43.0**	42.3	**7.75**	7.75	**9.50**	9.25	December 2010	43.0
Stanhope Village, Stanhope Gardens NSW	November 2003	**62.0**	59.0	**7.75**	7.75	**9.25**	9.25	June 2010	59.0
Taree City Centre, Taree NSW [4]	December 2009	**55.0**	55.5	**8.00**	8.00	**9.50**	9.50	–	–
Waverley Gardens Shopping Centre, Mulgrave VIC	November 2002	**127.0**	127.0	**7.75**	7.75	**9.25**	9.25	June 2010	127.0
Total investment properties		**5,317.4**	4,140.8						
IPUC									
4 Dalley Street & Laneway, Sydney NSW	March 2004	**–**	–	**6.75**	6.75	**9.25**	9.25	December 2009	–
8 Chifley Square, Sydney NSW [4,5]	October 2009	**36.5**	30.0	**6.50**	8.25	**9.25**	10.00	December 2010	36.5
Network, Old Wallgrove Road, Eastern Creek NSW [2]	December 2002	**–**	6.0	**–**	–	**–**	–	–	–
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	August 2004	**9.0**	8.5	**7.88**	8.25	**9.50**	9.75	December 2010	9.0
Orion Springfield Land, Springfield QLD	August 2002	**33.0**	27.0	**6.50-9.25**	6.25-9.00	**9.25-10.75**	9.00	December 2010	33.0
Total IPUC		**78.5**	71.5						
Total investment properties and IPUC		**5,395.9**	4,212.3						

1) Investment properties acquired through business combination during the period.
2) Investment properties disposed of during the period.
3) Investment properties classified as assets held for sale during the period.
4) Date of acquisition represents business combination acquisition date.
5) The property was reclassified from investment properties to IPUC at 31 December 2010.

6 INVESTMENT PROPERTIES (CONTINUED)

a) Reconciliation of carrying amounts of investment properties [1]

	Consolidated	
At fair value	**31 December 2010 $m**	30 June 2010 $m
Balance 1 July	**4,212.3**	3,279.5
Additions	**60.3**	287.4
Additions resulting from business combination	**1,152.7**	822.2
Disposals	**(69.9)**	(145.9)
Net gain/(loss) on fair value	**83.8**	(35.6)
Net loss from foreign currency translation	**(5.0)**	(2.0)
Transfers to assets classified as held for sale	**(27.8)**	(53.7)
Transfers from property, plant and equipment	**–**	79.5
Amortisation of fit out costs, leasing costs and lease incentive	**(10.5)**	(19.1)
Balance 31 December/30 June	**5,395.9**	4,212.3

1) Comparatives are for the year ended 30 June 2010.

b) Amounts recognised in profit or loss for investment properties

	Consolidated	
	31 December 2010 $m	31 December 2009 $m
Investment properties rental revenue	**259.6**	173.6
Investment properties expenses	**(61.1)**	(48.8)
	198.5	124.8

c) Valuation basis

i) Investment properties

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

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

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. The terminal value is determined by using an appropriate terminal cap rate. The consolidated entity's terminal cap rates are in the range of an additional nil to 75 basis points above the respective property's cap rate.

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

ii) IPUC

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

6 INVESTMENT PROPERTIES (CONTINUED)

d) Property portfolio

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

	Consolidated 31 December 2010 $m	Consolidated 30 June 2010 $m
Investment properties per statement of financial position	**5,395.9**	4,212.3
Properties classified as assets held for sale	**31.2**	53.7
	5,427.1	4,266.0

7 INTANGIBLE ASSETS

	Consolidated 31 December 2010 $m	Consolidated 30 June 2010 $m
Balance 1 July	**49.9**	49.9
Acquisition of controlled entities [1]	**26.7**	–
Impairment	**(7.1)**	–
Balance 31 December/30 June	**69.5**	49.9

1) Acquisition of WOP $25.5m (refer to note 14 a) i)) and acquisition of remaining interest in North Ryde Office Trust ("NROT") $1.2m (refer note 14 a) vii)).

a) Allocation of goodwill by business segments

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

	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Goodwill	44.5	–	7.6	–	17.4	69.5
Balance 31 December 2010	**44.5**	**–**	**7.6**	**–**	**17.4**	**69.5**
Goodwill	20.6	7.1	4.8	–	17.4	49.9
Balance 30 June 2010	20.6	7.1	4.8	–	17.4	49.9

b) Key assumptions used for value in use calculations

Goodwill is allocated to the consolidated entity's CGUs identified according to business segments.

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

CGU	**Growth rate [1] 31 December 2010 %**	**Discount rate 31 December 2010 %**	Growth rate [1] 30 June 2010 %	Discount rate 30 June 2010 %
Office	**–**	**10**	–	10
Retail	**–**	**10**	–	10
Industrial	**–**	**10**	–	10
Other	**–**	**10**	–	10

1) The value in use calculation is based on financial budgets and forecasts approved by management. No forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing investment properties.

The recoverable amount of goodwill exceeds the carrying value at 31 December 2010. Management considers that for the carrying value to exceed the recoverable amount, there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring as unlikely.

7 INTANGIBLE ASSETS (CONTINUED)

c) Impairment of goodwill

The impairment loss recognised during the period is in relation to the Retail segment. The carrying value of the Retail segment goodwill has decreased since 30 June 2010 due to the reduction of forecast income resulting from the sales of high yielding non-aligned retail investment properties. In determining the carrying value of the Retail segment, a pre-tax discount rate of 10% per annum was applied to the future estimated cash flows, which resulted in an impairment expense of $7.1m (June 2010: $nil).

8 BORROWINGS

			Consolidated
	Note	**31 December 2010 $m**	30 June 2010 $m
Current			
Unsecured			
Bank loans	8 a) i)	**359.6**	17.7
Domestic Medium Term Notes ("MTN")	8 a) ii)	**–**	200.0
Secured			
Commercial Mortgage-Backed Securities ("CMBS")	8 a) iii)	**505.0**	–
		864.6	217.7
Non-current			
Unsecured			
Bank loans	8 a) i)	**321.8**	26.5
Domestic MTN	8 a) ii)	**150.0**	150.0
		471.8	176.5

a) Borrowings

i) Unsecured bank loans

Mirvac has an unsecured syndicated loan facility of $1,917.5m (June 2010: $1,917.5m) comprising a $1,112.5m (June 2010: $1,112.5m) revolving tranche maturing in June 2011 and $805.0m (June 2010: $805.0m) term tranche maturing in January 2012. Mirvac has $200.0m (June 2010: $200.0m) of unsecured bilateral facilities, of which $50.0m expires in June 2011 and $150.0m expires in April 2013. Subject to compliance with the terms, each of these bank loan facilities may be drawn at any time. Refer to note 15 for details of refinancing since the reporting date. The consolidated entity had drawn down $681.4m under these facilities as at 31 December 2010 (June 2010: $44.2m).

ii) Domestic MTN

The consolidated entity has a domestic bond issue of $150.0m maturing in March 2015. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

iii) CMBS

The consolidated entity has commercial notes of $505.0m (June 2010: $nil) which have a scheduled maturity date of 16 November 2011. These were recognised as a result of the WOP acquisition (refer to note 17). The debt is cash collateralised and at expiry, the CMBS will be repaid from cash (refer to note 13).

8 BORROWINGS (CONTINUED)

b) Financing arrangements

	Consolidated 31 December 2010 $m	30 June 2010 $m
Total facilities		
Bank loans[1]	**2,117.5**	2,117.5
Domestic MTN	**350.0**	350.0
CMBS	**505.0**	–
	2,972.5	2,467.5
Used at end the of the reporting period		
Bank loans[1]	**1,408.6**	997.9
Domestic MTN	**350.0**	350.0
CMBS	**505.0**	–
	2,263.6	1,347.9
Unused at end the of the reporting period		
Bank loans[1]	**708.9**	1,119.6
Domestic MTN	**–**	–
CMBS	**–**	–
	708.9	1,119.6

1) Total bank loan facilities relate to Mirvac; these facilities are available to the consolidated entity. The consolidated entity had drawn down $681.4m at 31 December 2010 (June 2010: $44.2m).

9 CONTRIBUTED EQUITY

a) Paid up equity

Consolidated	31 December 2010 Units m	30 June 2010 Units m	31 December 2010 $m	Consolidated 30 June 2010 $m
MPT — ordinary units issued	**3,404.3**	3,254.8	**5,093.8**	4,905.9
Total contributed equity	**3,404.3**	3,254.8	**5,093.8**	4,905.9

b) Movements in paid up equity

Movements in paid up equity of the consolidated entity for the half year ended 31 December 2010 were as follows:

Consolidated	Issue date	Issue price $	m	Consolidated units $m
Balance 1 July 2010			3,254.8	4,905.9
Acquisition of WOP	4 August 2010	1.25	149.0	186.0
LTIP/LTI plan and EIS units converted, sold or forfeited	26 August 2010	3.82	0.5	1.9
Balance 31 December 2010			**3,404.3**	**5,093.8**

c) Reconciliation of units issued on the ASX

Under AAS, units issued under the Mirvac employee LTI plans are required to be accounted for as an option and are excluded from total issued equity, until such time as the relevant employee loans are fully repaid or the employee leaves Mirvac. Total ordinary units issued as detailed above are reconciled to units issued on the ASX as follows:

	31 December 2010 Units m	30 June 2010 Units m
Total ordinary units disclosed	**3,404.3**	3,254.8
Units issued under LTI plan and EIS	**11.5**	11.5
Total units issued on the ASX	**3,415.8**	3,266.3

10 DISTRIBUTIONS

Ordinary stapled units	**31 December 2010 $m**	Consolidated 31 December 2009 $m
Quarterly ordinary distributions paid as follows:		
2 cents per stapled unit paid on 29 October 2010	**68.3**	
2 cents per stapled unit paid on 30 October 2009		56.1
2 cents per stapled unit paid on 28 January 2011	**68.3**	
2 cents per stapled unit paid on 29 January 2010		59.9
Total distribution 4 cents per stapled unit (December 2009: 4 cents per stapled unit)	**136.6**	116.0

There was no distribution reinvestment plan in place for either period; all distributions were satisfied in cash.

11 INVESTMENTS IN ASSOCIATES

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

Name of entity	Principal activities	Interest [2] **31 December 2010 %**	30 June 2010 %	**31 December 2010 $m**	Consolidated 30 June 2010 $m
Mirvac Industrial Trust [1]	Listed property investment trust	**14**	14	**–**	–
Tucker Box Hotel Group	Hotel investment	**49**	49	**103.8**	97.1
Mirvac Wholesale Hotel Fund	Hotel investment	**49**	49	**109.4**	109.9
				213.2	207.0

1) The consolidated entity equity accounts for this investment as an associate even though it owns less than 20 per cent of the voting or potential voting power, due to the fact that the Responsible Entity is Mirvac Funds Management Limited, a related party of the Responsible Entity of the Trust.

2) Each of the above associates was established in Australia.

12 CONTINGENT LIABILITIES

The consolidated entity had no contingent liabilities at 31 December 2010 (June 2010: $nil).

13 NOTE TO THE STATEMENT OF CASH FLOWS

	31 December 2010 $m	Consolidated 31 December 2009 $m
a) Reconciliation of cash		
Cash at the end of the half year as shown in the statement of cash flows is the same as statement of financial position, the detail of which follows:		
Cash at bank and on hand	**37.4**	22.9
Deposits at call	**0.2**	260.3
Unrestricted cash	**37.6**	283.2
Cash collateralisation [1]	**505.1**	–
Cash and cash equivalents	**542.7**	283.2

1) Cash collateralisation amount represents cash held on term deposit for purposes of meeting obligations in relation to CMBS which have a scheduled maturity date of 16 November 2011; these arose as a result of the acquisition of WOP (refer to note 14).

13 NOTE TO THE STATEMENT OF CASH FLOWS (CONTINUED)

	Consolidated **31 December 2010 $m**	 31 December 2009 $m
b) Reconciliation of profit attributable to stapled unitholders of MPT to net cash inflows from operating activities		
Profit attributable to stapled unitholders of MPT	276.9	110.1
Net (gain)/loss on fair value of investment properties	(78.2)	112.8
Net (gain)/loss on fair value of IPUC	(5.6)	39.6
Amortisation expense	7.8	6.7
Non-cash lease incentives	(9.5)	(0.6)
Unrealised loss/(gain) on other financial assets at fair value through profit or loss	–	3.0
Net loss/(gain) on sale of investment properties	0.7	(0.3)
Net gain on sale of investments	–	(0.5)
Unrealised loss/(gain) on financial instruments	(11.8)	(3.9)
Discount of business combination	–	(119.8)
Net gain on remeasurement of equity interest	–	(25.3)
Business combination transaction costs	15.8	22.0
Share of net gain of associates and joint ventures not received as distributions	(15.3)	(1.2)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
— Increase in receivables	(2.6)	(7.0)
— Decrease in other assets	16.1	22.5
— Decrease in payables	(3.8)	(11.3)
Net cash inflows from operating activities	**190.5**	146.8

14 ACQUISITION OF BUSINESSES

a) Acquisition of WOP

i) Summary of acquisition

On 4 August 2010, the consolidated entity acquired 100 per cent of the issued securities in Westpac Office Trust, an ASX listed real estate investment trust, for consideration of $404.1m. The acquisition has enhanced the quality of the investment property portfolio.

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

Purchase consideration	Note	**$m**
Cash paid	14 a) iv)	**200.0**
Securities issued	14 a) vi)	**204.1**
Total purchase consideration		**404.1**

The preliminary fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	$m
Cash and cash equivalents	**25.1**
Receivables	**2.8**
Other financial assets at fair value through profit or loss	**21.2**
Investment properties	**1,108.2**
Payables	**(11.1)**
Borrowings	**(739.0)**
Derivative financial liabilities	**(20.6)**
Provisions	**(8.0)**
Net identifiable assets acquired	**378.6**
Goodwill on acquisition	**25.5**
Net assets acquired	**404.1**

The goodwill is attributable to WOP's quality investment portfolio which comprises properties that are predominantly leased to high quality tenants on long term leases with structured rental increases. None of the goodwill is expected to be deductible for tax purposes.

14 ACQUISITION OF BUSINESSES (CONTINUED)

ii) Revenue and profit contribution

The acquired business contributed revenues of $86.3m and net profit of $67.5m[1] to the consolidated entity for the period from 4 August 2010 to 31 December 2010.

If the acquisition had occurred on 1 July 2010, consolidated total revenue from continuing operations and other income and consolidated profit for the consolidated entity for the half year ended 31 December 2010 would have been $421.1m and $269.7m respectively. These amounts have been calculated using the consolidated entity's accounting policies and by adjusting the results of the controlled entity to reflect the additional amortisation of lease incentives in respect of investment properties that would have been charged assuming the fair value adjustments to investment properties.

iii) Contingent consideration

There is no contingent consideration as part of this transaction.

iv) Purchase consideration — cash outflow on acquisition

		Consolidated
	31 December 2010 $m	30 June 2010 $m
Outflow of cash to acquire controlled entity, net of cash acquired		
Cash consideration	**(200.0)**	–
Less: Balance acquired	**25.1**	–
	(174.9)	–
Direct costs relating to acquisition	**(15.8)**	–
Outflow of cash — investing activities	**(190.7)**	–
Total outflow of cash to acquire controlled entity	**(190.7)**	–

v) Acquisition related costs

Acquisition related costs of $16.8m were incurred (including post acquisition write off of $1.0m for prepaid borrowing costs on extinguishing WOP's borrowing facilities).

vi) Securities issued

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

vii) Acquisition of remaining interest in NROT

On 6 August 2010, the consolidated entity acquired the remaining 50 per cent interest in NROT, for a purchase consideration of $22.5m, which resulted in goodwill on acquisition of $1.2m. NROT owns the Westpac Data Centre at 54-60 Talavera Road, North Ryde, NSW. The consolidated entity had acquired the other 50 per cent interest in NROT through its acquisition of WOP. As a result, the consolidated entity now holds all of the units in NROT.

1) The profit contributed from 4 August 2010 includes the impact from the repayment of WOP's bank debt facilities on acquisition and includes gain on fair value of investment properties.

15 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

a) Queensland floods
The consolidated entity experienced limited impact to its investment assets across Queensland as a result of the recent flood crisis.

The Trust continues to monitor the actual and potential impacts of the floods and at the present time is unable to determine if there will be a material impact.

b) Debt refinancing
Post 31 December 2010, the Group refinanced its syndicated bank facilities in line with its debt strategy. The transaction involved refinancing existing tranches maturing in June 2011 and January 2012 to a new $1,852.5m facility.

The one and two year term facility will be repaid from proceeds raised in future capital markets issues. Details are as follows:

- One year facility of $122.5m; and
- Two year facility of $140.0m.

The multicurrency revolving facility is made up of three to five year tranches. Details as follows:

- Three year facility of $530.0m;
- Four year facility of $530.0m; and
- Five year facility of $530.0m.

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

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 04 to 22 are in accordance with the *Corporations Act 2001*, including:

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

   ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and

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

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

Nicholas Collishaw
Director

Sydney
22 February 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MIRVAC PROPERTY TRUST

Report on the Half-Year Financial Report
We have reviewed the accompanying half-year financial report of Mirvac Property Trust (the trust), which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Mirvac Property Trust Group (the consolidated entity). The consolidated entity comprises both the Trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report
The directors of the trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mirvac Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

PRICEWATERHOUSECOOPERS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MIRVAC PROPERTY TRUST (CONTINUED)

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

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mirvac Property Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
22 February 2011