mirvac group

interim report

for the half year ended 31 december 2012

by mirvac

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including 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 2012 and any public announcements made by Mirvac Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of Mirvac Limited present their report, together with the consolidated report of Mirvac Group ("Mirvac" or "Group") for the half year ended 31 December 2012. Mirvac comprises Mirvac Limited ("parent entity") and its controlled entities, which includes Mirvac Property Trust ("MPT" or "Trust") and its controlled entities.

DIRECTORS

The following persons were Directors of Mirvac Limited during the half year and up to the date of this report, unless otherwise stated:

– James MacKenzie
– Susan Lloyd-Hurwitz (appointed as a Director on 5 November 2012)
– Nicholas Collishaw (retired as a Director on 31 October 2012)
– Marina Darling
– Gregory Dyer (appointed as a Director on 4 September 2012)
– Peter Hawkins
– James Millar AM
– John Mulcahy
– John Peters
– Elana Rubin.

REVIEW OF OPERATIONS AND ACTIVITIES

The statutory profit after tax attributable to the stapled securityholders of Mirvac for the half year ended 31 December 2012 was $55.2m (December 2011: profit $176.6m). Provision for loss on inventories included in the statutory profit for the half year ended 31 December 2012 was $242.9m (December 2011: $25.0m). The operating profit (profit before specific non-cash items and significant items) was $194.2m (December 2011: $201.5m).

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 Directors consider operating profit to reflect the core earnings of the Group.

The following table summarises key reconciling items between statutory profit after tax attributable to the stapled securityholders of Mirvac and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the Group's auditor but has been extracted from note 3 of the accompanying financial statements for the half year ended 31 December 2012, which have been subject to review; refer to pages 34 and 35 for the auditor's review report on the financial statements.

	31 December 2012 $m	31 December 2011 $m
Profit attributable to the stapled securityholders of Mirvac	**55.2**	176.6
Specific non-cash items		
Net gain on fair value of investment properties	**(68.8)**	(71.2)
Net loss on fair value of investment properties under construction ("IPUC")	**0.9**	10.3
Net loss on fair value of derivative financial instruments and associated foreign exchange movements	**8.5**	52.3
Security based payment expense	**1.9**	3.5
Depreciation of owner-occupied investment properties	**3.6**	3.3
Straight-lining of lease revenue	**(8.0)**	(6.9)
Amortisation of lease fitout incentives	**5.5**	5.2
Net loss/(gain) on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates and joint ventures	**2.4**	(0.2)
Significant items		
Impairment of investments including associates and joint ventures	**12.3**	–
Impairment of loans	**18.0**	6.5
Provision for loss on inventories	**242.9**	25.0
Net loss/(gain) from sale of non-aligned assets	**2.0**	(0.4)
Tax effect		
Tax effect of non-cash and significant adjustments	**(82.2)**	(18.7)
Discontinued operations		
Specific non-cash items and significant items included in profit from discontinued operations [1]	**–**	16.2
Operating profit (profit before specific non-cash and significant items)	**194.2**	201.5

1) Relates to hotel management business and Mirvac Wholesale Hotel Fund.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Key financial highlights for the half year ended 31 December 2012 included:

- profit attributable to the stapled securityholders of Mirvac of $55.2m;
- operating profit after tax of $194.2m [1], representing 5.7 cents per stapled security;
- operating cash flow of $50.2m;
- half year distributions of $143.9m, representing 4.2 cents per stapled security; and
- net tangible assets ("NTA") per stapled security of $1.64 from $1.66 [2] at 30 June 2012.

Key operational highlights for the half year ended 31 December 2012 included:

- maintained strong portfolio occupancy of 98.2 per cent [3] within the Investment Division's portfolio;
- leased 85,632 square metres (6.4 per cent of net lettable area) within the Investment Division's portfolio;
- secured an anchor tenant at 200 George Street, Sydney NSW, with Ernst & Young agreeing to 74.0 per cent of the building's net lettable area for a 10 year term [4];
- continued to strengthen strategic relationships with capital partners via the sale of a 50.0 per cent interest in the Treasury Building, Perth WA for $165.0m [5];
- achieved strong levels of exchanged contracts of $1,018.7m [6] in residential projects and settled 694 residential lots; and
- continued to improve Mirvac's safety performance with a lost time injury frequency rate ("LTIFR") of 6.9 for employees plus service providers, representing a 5.5 per cent improvement over the score of 7.3 recorded at 31 December 2011.

CAPITAL MANAGEMENT AND FUNDING

For the half year ended 31 December 2012, the Group maintained its strong capital and liquidity position. Gearing was 23.8 per cent [7] and remained within the Group's targeted range of 20.0 to 25.0 per cent.

Other key highlights for the Group included:

- no debt maturities in the year ending 30 June 2013;
- $530.0m of debt facilities maturing in January 2014 [8], of which only $136.9m is actually drawn;
- high levels of liquidity with over $850.0m in cash and undrawn committed debt facilities on hand;
- issuance of a $150.0m five year medium term note ("MTN") in December 2012;
- weighted average debt maturity of 3.2 years;
- average borrowing costs decreased to 6.4 per cent per annum including margins and line fees;
- maintained a BBB credit rating with a change in the outlook to positive from Standard & Poor's, reflecting the improving credit quality of the Group; and
- continued to comfortably meet all debt covenants.

Outlook

The volatility created by the European debt crisis and US budgetary issues dominated international capital markets for the six months to 31 December 2012, resulting in funding costs remaining elevated. There will be limited impact of these events on the Group's borrowing costs for the next six to 12 months, allowing time for conditions to stabilise before any refinancing is required.

The Group remains focused on managing its capital position prudently by monitoring and accessing diversified sources of capital, including both domestic and international markets, as demonstrated by the Group's recent MTN issuance that was announced on 28 November 2012. This ensures Mirvac can continue to meet its strategic objectives without increasing its overall risk profile.

OPERATIONAL HIGHLIGHTS AND DIVISIONAL STRATEGY

Investment Division

At 31 December 2012, the Investment Division had invested capital of $6,013.7m [9], with investments in 61 direct property assets, covering the office, retail and industrial sectors, as well as investments in car parks, a hotel and other funds managed by Mirvac. The asset allocation for MPT invested capital was as follows:

- Office: 57.8 per cent;
- Retail: 27.6 per cent;
- Industrial: 7.4 per cent; and
- Other: 7.2 per cent [10].

For the six months to 31 December 2012, the Investment Division's statutory profit before tax was $271.0m and operating profit before tax was $209.5m.

While the global economic climate remains challenging, the Trust's earnings continue to be secure due to the strong weighted average lease expiry profile ("WALE") of 5.5 years [11], 93.1 per cent of financial year 2013 ("FY13") rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 73.1 per cent of revenue being derived from multinational, Australian Securities Exchange ("ASX") listed and government tenants.

1) Excludes specific non-cash items, significant items and related taxation.
2) NTA per stapled security based on ordinary securities including Employee Incentive Scheme ("EIS") securities.
3) By area, excluding assets under development, based on 100 per cent of building net lettable area.
4) Post 31 December 2012. Represents the amalgamated development site of 190 George Street, 200 George Street and 4 Dalley Street & Laneway, Sydney NSW.
5) Post 31 December 2012, Mirvac announced it had secured all consents and settlement is expected in March 2013.
6) Total exchanged pre-sales contracts as at 31 December 2012, adjusted for Mirvac's share of joint ventures, associates and Mirvac's managed funds.
7) Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets – cash).
8) On 11 January 2013, this facility was reduced to $350.0m.
9) Includes assets under development, and indirect property investments.
10) Includes assets under development, indirect property investments, car park assets and a hotel.
11) By income, excluding assets under development, based on MPT's ownership.

Key highlights for MPT for the half year ended 31 December 2012 included:

- occupancy remained high at 98.2 per cent [1];
- total investment property revaluations provided a net uplift of $63.7m (or 1.1 per cent) increase over the previous book value for the six months ended 31 December 2012;
- completed 193 leasing deals over 85,632 square metres [1] of net lettable area (6.4 per cent of the portfolio), with major leasing commitments at:
  - 60 Margaret Street, Sydney NSW: executed a lease to Cliftons (3,469 square metres) for a new five year lease term;
  - 38 Sydney Avenue, Forrest ACT: secured a renewal of lease for five years to the Department of Broadband, Communications and the Digital Economy (8,975 square metres);
  - Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW: secured a new lease term to De'Longhi Australia (17,276 square metres); and
  - Moonee Ponds Central, Moonee Ponds VIC: an additional 1,204 square metres was executed with ALDI supermarket and a 10 year option exercised for Coles across 4,000 square metres;
- disposed of two non-core office assets and three non-core industrial assets, realising $105.1m in gross sale proceeds (sold at book value);
- established a second capital partnership with Keppel REIT (previously known as K-REIT Asia) via the sale of a 50.0 per cent interest the Treasury Building, Perth WA [2]; and
- progressed with commercial developments including:
  - Treasury Building, Perth WA: works commenced on the 30,000 square metre office tower, that will house the WA Government which has pre-committed to a 25 year lease across the whole tower;
  - 200 George Street, Sydney NSW: secured an anchor tenant at 200 George Street, Sydney NSW, with Ernst & Young agreeing to 74.0 per cent of the building's net lettable area for a 10 year term. Major site establishment works commenced in late January 2013, with completion scheduled for early 2016 [3];
  - Kawana Shoppingworld, Buddina QLD: commenced construction on Stage 4 which includes a new ALDI supermarket and additional specialty stores, expanding the centre by approximately 9,000 square metres;
  - Stanhope Village, Stanhope Gardens NSW: commenced construction on Stage 3 which includes the extension of the Kmart Mall and a new ALDI supermarket. A Stage 4 development application progressed which includes plans to create additional specialty stores and foodcourt; and
  - Orion Springfield Town Centre, Springfield QLD (pad sites): commenced construction with initial tenants trading in December 2012. The remaining pad sites are on track for completion by December 2013. The pad sites will provide a total gross lettable area of 5,108 square metres.

The Group's focus on corporate responsibility and sustainability continued to deliver results within the Trust's portfolio, with key achievements including:

- achieved a 4.59 Stars National Australian Built Environment Rating System ("NABERS") energy portfolio average rating for the calendar year 2012, exceeding the target of 4.5 Stars, and six months ahead of the June 2013 target;
- achieved a 3.4 Stars NABERS water portfolio average for the calendar year 2012, meeting the target six months ahead of the June 2013 target;
- One Darling Island, Sydney NSW achieved a 5.5 Star NABERS energy rating, representing MPT's second asset to achieve a 5.5 Star rating;
- 339 Coronation Drive, Milton QLD achieved a 5 Star NABERS energy rating, reducing energy intensity by 28.0 per cent and cutting greenhouse emissions by 323 tonnes CO_2 per annum; and
- generated funding of over $300,000 through the NSW Energy Savings Scheme, for energy efficiency projects.

Outlook

Ongoing interest in quality Australian investment grade assets is expected to continue, as evidenced by a number of recent transactions and continued enquiry, particularly from offshore investors. The ongoing economic uncertainty in Europe and the US, compared with the relative stability of the Australian economy, is expected to see foreign investment levels increase over the second half of the year along with increased activity from domestic listed and unlisted real estate groups.

Mirvac's Investment Division continues to deliver strong results and is well placed in the current environment. The Division remains focused on providing secure passive income to the Group, with key areas of focus including:

- improving the quality of the portfolio via non-aligned asset sales and new development product;
- remaining strategically overweight in the office sector; and
- focusing on prime sub-regional shopping centres located in growth markets.

1) By area, excluding assets under development, based on 100 per cent of building net lettable area.
2) Post 31 December 2012, Mirvac announced it had secured all consents and settlement is expected in March 2013.
3) Post 31 December 2012. Represents the amalgamated development site of 190 George Street, 200 George Street and 4 Dalley Street & Laneway, Sydney NSW.

Investment Management
Mirvac Investment Management ("MIM") comprises two business activities for segment reporting purposes: third party, listed and unlisted funds management; and, property asset management (Mirvac Asset Management ("MAM")).

For the half year ended 31 December 2012, Investment Management recorded a statutory loss before tax of $4.2m and an operating loss before tax of $3.4m.

At 31 December 2012, MIM remained responsible for the management of four wholesale funds: Mirvac Wholesale Residential Development Partnership; Travelodge Group (Tucker Box Holdings); JF Infrastructure Yield Fund; and, Australian Sustainable Forestry Investors. MIM also manages the ASX listed Mirvac Industrial Trust (ASX: MIX) and two unlisted residential development funds.

While MIM continues to focus on the rationalisation of its activities, there were no significant transactions during the half year period to 31 December 2012.

MAM provides asset management services for the Investment Division's portfolio. MAM currently manages 67 properties principally located in metropolitan locations on the east coast of Australia.

Outlook
MIM will continue to seek to exit its responsible entity, trustee and investment manager responsibilities as opportunities arise. MAM will seek to continue to expand its asset management services in accordance with growth in the Investment Division's portfolio and in assets owned by third parties where there are common interests.

Development Division
The Development Division operates across national product lines consisting of Apartments, Masterplanned Communities and Commercial projects.

At 31 December 2012, the Development Division had $1,723.0m of invested capital. For the half year ended 31 December 2012, the Division's statutory loss before tax was $265.2m and operating profit before tax was $8.0m. The Division's statutory result was impacted by the provision announced by Mirvac on 7 February 2013. As part of the regular review of all development projects, the assessment as at 31 December 2012 provided evidence that specific micro markets had not recovered as previously expected. A realignment of future assumptions with current market conditions resulted in a $273.2m provision. The majority of projects impacted are in Queensland representing 72.0 per cent of the provision and in Western Australia representing 27.0 per cent of the provision[1].

In the Group's core metropolitan markets, the Division continued to deliver quality residential product, with new release projects targeted at the right price points and right locations such as:

Apartments:
– Harold Park, Glebe NSW: development commenced on Precinct 1 (247 exchanged contracts secured) and successfully launched Precinct 2 (77 exchanged contracts secured);
– Rhodes Waterside, Rhodes NSW: construction progressed on the final apartment building at the Rhodes precinct (180 exchanged contracts secured); and
– Yarra's Edge, Docklands VIC: successful public launch and early works commenced on Array (104 exchanged contracts secured) and Yarra Point (170 exchanged contracts secured).

Masterplanned Communities:
– Googong NSW: Stage 1 of the joint venture with CIC Australia was released with 216 exchanged contracts; and
– Elizabeth Hills NSW: continued strong sales.

For the half year ended 31 December 2012, the Development Division's residential pipeline totalled 31,130 lots, which was supplemented by the acquisition of a number of key projects that will contribute significantly to the Division's financial year 2015 and beyond development pipeline, including:
– Alex Avenue NSW: in February 2012 Mirvac secured 259 lots and during the six months to 31 December 2012, Mirvac acquired an option over an additional 2.1 hectare parcel of englobo land contiguous with the current Alex Avenue project (Precinct 1). The acquisition of this parcel will enable Mirvac to increase its holding in the area to approximately 298 lots; and
– Dallas Brooks Centre, East Melbourne VIC: Mirvac reached an agreement with the Masonic Centre of Victoria for the rights to redevelop the Dallas Brooks Centre for predominately residential uses, subject to approvals.

As at 31 December 2012, the Division settled 694 lots and secured future income of $1,018.7m[2] through residential exchange pre-sales contracts.

State based lot settlements by product for the half year ended 31 December 2012 were as follows:

State	Masterplanned Communities	Apartments	**Total**
NSW	326	6	**332**
VIC	94	–	**94**
WA	75	38	**113**
QLD	120	35	**155**
Total	**615**	**79**	**694**

1) The remaining 1.0 per cent relates to projects outside of Queensland and Western Australia.
2) Total exchanged pre-sales contracts as at 31 December 2012, adjusted for Mirvac's share of joint ventures, associates and Mirvac's managed funds.

Commercial:
Mirvac's commercial development activities include office, retail and industrial projects, and the Group's strategy is to sell a part share to aligned third parties and retain the remaining share within the Investment Division's property portfolio. For the half year ended 31 December 2012, Mirvac's commercial pipeline totalled $1,159.4m.

Key highlights for the half year ended 31 December 2012 included:

– Treasury Building, Perth WA: demolition completed and piling works commenced on a new A grade office building located on the landmark site of the Old Treasury Building in Perth. The office tower is scheduled for completion in early 2015[1];
– 200 George Street, Sydney NSW: major site establishment works commenced in late January 2013, with completion scheduled for early 2016[2];
– 699 Bourke Street, Melbourne VIC: Mirvac entered a heads of agreement with AGL to deliver an A grade office building with premium grade services and designed to achieve a 5 Star NABERS and 5 Star Green Star rating. AGL has committed to a total of 15,000 square metres of office space or 80.0 per cent of the building over seven levels for an initial period of 10 years;
– 8 Chifley Square, Sydney NSW: completion expected for mid 2013;
– Stanhope Village, Stanhope Gardens NSW: commenced construction on Stage 3 which includes the extension of the Kmart Mall and a new ALDI supermarket. A Stage 4 development application progressed which includes plans to create additional specialty stores and foodcourt;
– Kawana Shoppingworld, Buddina QLD: commenced construction on Stage 4 which includes a new ALDI supermarket and additional specialty stores, expanding the centre by approximately 9,000 square metres; and
– Orion Springfield Town Centre, Springfield QLD (pad sites): commenced construction with initial tenants trading in December 2012. The remaining pad sites are on track for completion by December 2013. The pad sites will provide a total lettable area of 5,108 square metres.

Outlook

The Division remains on track towards achieving its 2014 recovery, with key areas of focus including:

– improving earnings to strengthen the contribution to the overall Group result;
– continue to improve key metrics including return on invested capital (10 plus per cent target) and gross margin (18-22 per cent target);
– strategically restocking the development pipeline; and
– strong levels of pre-sales to mitigate future earning risks.

MARKET AND GROUP OUTLOOK

Commercial outlook

Whilst business conditions and the white collar employment outlook remain subdued, the office market is likely to be partially insulated in the short to medium term by a lack of supply and the prospect of capitalisation rate compression. Overall vacancy in the Sydney CBD market has decreased following withdrawals, whilst vacancy rates have increased across most other CBDs following supply delivery. Rental growth is expected to remain subdued over the next 12 months with incentives remaining at relatively high levels.

The environment for retailers remains challenging. In spite of lower interest rates, spending headwinds remain in the form of slowing income growth, a preference for "experiences" and services over goods and consumers focussing on rebuilding their household balance sheet. Retail vacancy rates are expected to remain stable for centres in dominant catchment areas, however rental growth is likely to moderate due to the subdued retail sales environment.

The average rent growth in prime and secondary markets was mixed, with growth broadly positive to the end of 2012. With the short-term forecast for lower than average construction, rent growth can be expected in high quality, modern, well located assets. These prime assets will continue to dominate tenant and investor demand.

1) Post 31 December 2012, Mirvac announced it had secured all consents and settlement is expected in March 2013.
2) Represents the amalgamated development site of 190 George Street, 200 George Street and 4 Dalley Street & Laneway, Sydney NSW.

Residential outlook
The outlook for capital city residential markets remains mixed by location, however underlying factors underpinning the residential property market continued to improve through 2012. Lower borrowing rates, rising household incomes and weak property prices contributed to an advance in housing affordability, while population growth also picked up sharply. Whilst there has not been a material uplift in demand to date and purchasers maintain a cautious position, the stronger fundamentals should result in a further improvement in the residential property market, with the trend towards medium density living continuing, particularly in the south eastern states.

A low rental vacancy rate and strong rental growth are evident of strong underlying demand in NSW. Population growth picking up, affordability improving and State measures directed towards boosting the demand for new dwellings, suggests a further uplift in the residential housing market is likely to be forthcoming.

The strength of the Australian dollar has continued to exert pressure on the Victorian manufacturing sector and, as a consequence output and employment. Even though medium density approvals have been growing strongly, the Victorian property market is likely to under perform the other main states particularly in some segments characterised by oversupply.

Whilst the Queensland property market has been adversely impacted by a number of one-off factors, there are growing signs the influences which underpin the market are becoming increasingly more tangible. This points to a medium term improvement in the property market, although state government spending and employment measures will continue to dilute the recovery in the short term.

In response to the sharp uplift in population growth, the WA property market has experienced an improvement in dwelling volumes and firmer pricing in low to mid price points. Short-term prospects for the property market are expected to remain favourable as the increased demand in absorbed. Longer- term prospects will remain dependant on the extent and duration of the resources cycle.

Group outlook
The Group remains focused on being an Australian real estate expert concentrating on its core areas of operation. The Investment Division remains focused on providing secure passive income to the Group, whilst improving the quality of the portfolio via non-aligned asset sales and new development product. The Development Division will continue to improve its return on invested capital and increase its earnings contribution to the Group by selectively restocking the development pipeline and maintaining strong levels of pre-sales to mitigate future earning risks.

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 07.

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

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

Susan Lloyd-Hurwitz
Director

Sydney
14 February 2013

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Mirvac Limited for the half year ended 31 December 2012, 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 Limited and the entities it controlled during the period.

Matthew Lunn
Partner

PricewaterhouseCoopers

Sydney
14 February 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	**31 December 2012 $m**	31 December 2011 $m [1]
Revenue from continuing operations			
Investment properties rental revenue	9	**287.9**	278.1
Investment management fee revenue		**4.5**	5.7
Development and construction revenue		**317.3**	370.1
Development management fee revenue		**9.7**	12.8
Interest revenue		**9.1**	18.2
Dividend and distribution revenue		**0.4**	1.2
Other revenue		**6.1**	6.4
Total revenue from continuing operations		**635.0**	692.5
Other income			
Net gain on fair value of investment properties [2]		**68.8**	71.2
Share of net profit of associates and joint ventures accounted for using the equity method	8	**7.3**	12.3
Gain on financial instruments		**0.1**	35.7
Net gain on sale of investment properties		**–**	1.5
Foreign exchange gain		**7.6**	–
Total other income		**83.8**	120.7
Total revenue from continuing operations and other income		**718.8**	813.2
Net loss on fair value of IPUC		**0.9**	10.3
Net loss on sale of investments		**–**	0.6
Net loss on sale of investment properties		**2.0**	–
Net loss on sale of property, plant and equipment		**–**	0.3
Foreign exchange loss		**–**	24.4
Investment properties expenses	9	**62.9**	61.6
Hotel operating expenses		**–**	0.4
Cost of property development and construction		**277.9**	322.8
Employee benefits expenses		**33.7**	36.8
Depreciation and amortisation expenses		**15.7**	13.5
Impairment of investments including associates and joint ventures		**12.3**	–
Impairment of loans		**18.0**	7.4
Finance costs	4	**39.1**	64.9
Loss on financial instruments		**16.2**	63.6
Selling and marketing expenses		**12.0**	15.1
Provision for loss on inventories		**242.9**	25.0
Business combination transaction costs		**–**	0.4
Other expenses		**17.0**	15.3
(Loss)/profit from continuing operations before income tax		**(31.8)**	150.8
Income tax benefit		**87.0**	22.1
Profit from continuing operations		**55.2**	172.9
Profit from discontinued operations (net of tax)	7	**–**	3.7
Profit for the half year		**55.2**	176.6

1) The comparative figures have been adjusted to reflect the reclassification of an asset previously included in the disposal group, to continuing operations. Refer to note 7 for further information.
2) Includes a revaluation decrement at $1.0m relating to investment properties classified as owner occupied properties.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	**31 December 2012 $m**	31 December 2011 $m
Profit for the half year		**55.2**	176.6
Other comprehensive income for the half year			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax		**(0.5)**	3.3
Items that will not be reclassified to profit or loss			
Increment on revaluation of property, plant and equipment, net of tax		**5.5**	14.0
Other comprehensive income for the half year, net of tax		**5.0**	17.3
Total comprehensive income for the half year		**60.2**	193.9
Profit for the half year is attributable to:			
– Stapled securityholders of Mirvac		**55.2**	176.6
Total comprehensive income for the half year is attributable to:			
– Stapled securityholders of Mirvac		**60.2**	193.9
Earnings per stapled security for profit from continuing operations attributable to the stapled securityholders of Mirvac	Note	**Cents**	Cents [1]
Basic earnings per stapled security	5	**1.62**	5.07
Diluted earnings per stapled security	5	**1.61**	5.06
Earnings per stapled security for profit attributable to the stapled securityholders of Mirvac	Note	**Cents**	Cents [1]
Basic earnings per stapled security	5	**1.62**	5.18
Diluted earnings per stapled security	5	**1.61**	5.17

1) A portion of the earnings used to calculate the basic and diluted earnings in the comparative period has changed from discontinued operations into continuing operations. Refer to note 7 for further details.

The above consolidated statement of comprehensive income ("SoCI") should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Note	**31 December 2012 $m**	30 June 2012 $m
Current assets			
Cash and cash equivalents	17	**68.6**	77.3
Receivables		**130.1**	132.3
Inventories	6	**443.2**	403.9
Other financial assets at fair value through profit or loss		**12.7**	12.7
Other assets		**12.9**	17.7
Total current assets		**667.5**	643.9
Non-current assets			
Receivables		**75.2**	117.2
Inventories	6	**931.2**	1,048.9
Investments accounted for using the equity method	8	**347.2**	357.4
Derivative financial assets		**12.7**	–
Other financial assets		**83.2**	51.5
Investment properties	9	**5,487.7**	5,488.5
Property, plant and equipment		**309.8**	307.4
Intangible assets	10	**65.7**	65.7
Deferred tax assets		**338.8**	330.1
Total non-current assets		**7,651.5**	7,766.7
Total assets		**8,319.0**	8,410.6
Current liabilities			
Payables		**386.0**	372.4
Borrowings	11	**2.9**	2.9
Derivative financial liabilities		**15.5**	15.0
Provisions		**151.5**	89.8
Current tax liabilities		**0.2**	0.2
Other liabilities		**0.6**	0.5
Total current liabilities		**556.7**	480.8
Non-current liabilities			
Payables		**46.2**	46.1
Borrowings	11	**1,877.3**	1,822.1
Derivative financial liabilities		**108.4**	170.6
Deferred tax liabilities		**53.0**	132.7
Provisions		**3.3**	3.6
Total non-current liabilities		**2,088.2**	2,175.1
Total liabilities		**2,644.9**	2,655.9
Net assets		**5,674.1**	5,754.7
Equity			
Contributed equity	12	**6,346.6**	6,334.7
Reserves		**61.1**	64.2
Retained earnings		**(733.6)**	(644.2)
Equity, reserves and retained earnings attributable to the stapled securityholders of Mirvac		**5,674.1**	5,754.7

The above consolidated statement of financial position ("SoFP") should be read in conjunction with the accompanying notes.

		Attributable to stapled securityholders of Mirvac				
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
Balance 1 July 2012		6,334.7	64.2	(644.2)	–	5,754.7
Profit for the half year		–	–	55.2	–	55.2
Other comprehensive income		–	5.0	–	–	5.0
Total comprehensive income for the half year		**–**	**5.0**	**55.2**	**–**	**60.2**
Long term incentives ("LTI") and EIS securities converted, sold or forfeited		11.9	–	–	–	11.9
Security based payment transactions		–	(8.1)	–	–	(8.1)
Security based compensation		–	–	(0.7)	–	(0.7)
Dividends/distributions provided for or paid	13	–	–	(143.9)	–	(143.9)
Total transactions with owners in their capacity as owners		**11.9**	**(8.1)**	**(144.6)**	**–**	**(140.8)**
Balance 31 December 2012		**6,346.6**	**61.1**	**(733.6)**	**–**	**5,674.1**
Balance 1 July 2011		6,327.4	125.9	(870.1)	12.5	5,595.7
Profit for the half year		–	–	176.6	–	176.6
Other comprehensive income		–	17.3	–	–	17.3
Total comprehensive income for the half year		–	17.3	176.6	–	193.9
LTI and EIS securities converted, sold, vested or forfeited		0.1	–	–	–	0.1
Security based payment transactions		–	3.4	–	–	3.4
Security based compensation		–	–	0.1	–	0.1
Dividends/distributions provided for or paid	13	–	–	(136.6)	–	(136.6)
Deconsolidation of entity		–	–	–	(12.5)	(12.5)
Total transactions with owners in their capacity as owners		0.1	3.4	(136.5)	(12.5)	(145.5)
Balance 31 December 2011		6,327.5	146.6	(830.0)	–	5,644.1

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	**31 December 2012 $m**	31 December 2011 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**755.6**	830.7
Payments to suppliers and employees (inclusive of goods and services tax)		**(652.3)**	(854.5)
		103.3	(23.8)
Interest received		**7.3**	17.8
Associates and joint ventures dividends/distributions received		**8.1**	14.8
Dividends/distributions received		**–**	1.2
Borrowing costs paid		**(68.5)**	(104.0)
Net cash inflows/(outflows) from operating activities	17(b)	**50.2**	(94.0)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1.8)**	(3.5)
Proceeds from sale of property, plant and equipment		**–**	0.1
Payments for investment properties		**(37.5)**	(44.7)
Proceeds from sale of investment properties and assets classified as held for sale		**103.1**	123.2
Payments for loans to related entities		**–**	(31.7)
Proceeds from loans to related entities		**0.1**	20.3
Payments for loans to unrelated entities		**(22.1)**	(1.7)
Proceeds from loans to unrelated entities		**7.2**	11.6
Contributions to associates and joint ventures		**(21.7)**	(2.0)
Proceeds from associates and joint ventures		**9.8**	6.0
Proceeds from sale of disposal group		**11.8**	–
Cash impact on controlled entities leaving the Group		**–**	(3.3)
Proceeds from sale of investments		**–**	23.4
Net cash inflows from investing activities		**48.9**	97.7
Cash flows from financing activities			
Proceeds from borrowings		**1,495.8**	383.4
Repayments of borrowings		**(1,521.6)**	(872.8)
Dividends/distributions paid		**(82.0)**	(143.5)
Net cash outflows from financing activities		**(107.8)**	(632.9)
Net decrease in cash and cash equivalents		**(8.7)**	(629.2)
Cash and cash equivalents at the beginning of the half year		**77.3**	673.1
Effects of exchange rate changes on cash and cash equivalents		**–**	0.2
Cash and cash equivalents at the end of the half year	17(a)	**68.6**	44.1

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This condensed consolidated interim report for the half year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial statements of Mirvac consist of the consolidated financial statements of Mirvac Limited (the parent entity) and its controlled entities, which include MPT and its controlled entities. A Mirvac stapled security comprises one Mirvac Limited share "stapled" to one MPT unit to create a single listed entity traded on the ASX. The stapled securities cannot be traded or dealt with separately.

This condensed consolidated 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 2012 and any public announcements made by Mirvac 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 by Mirvac

i) AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect the 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. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group did not recognise any such gains in other comprehensive income and did not hold any available-for-sale debt investments.

   There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*, and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013). In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 112 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a significant impact on its composition. AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group is still assessing the impact of these amendments. The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the year ending 30 June 2014.

There are no other standards with effective dates in the future that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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 Mirvac's accounting policies

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

i) Revenue recognition

The measurement of development revenue, which is recognised when the significant risks and rewards of ownership are transferred to the purchaser, requires management to exercise its judgement in setting selling prices, given due consideration to cost inputs and market conditions. The measurement of construction revenue, which is recognised upon construction contracts on a percentage of completion basis, requires an estimate of expenses incurred to date as a percentage of total estimated costs.

ii) Cost of goods sold

Inventories are expensed as cost of goods sold upon sale. Management uses its judgement in determining the apportionment of cost of goods sold, through either unit entitlement or percentage of revenue, the quantum of cost of goods sold, which includes both costs incurred to date and forecast final costs, and the nature of cost of goods sold, which may include acquisition costs, borrowing costs and those costs incurred in bringing the inventories to a saleable state.

iii) Provision for loss on inventories

Mirvac is required to carry inventories at the lower of cost and net realisable value ("NRV"). Through the use of project feasibility assessments, which are based on the most reliable evidence available at the time, and incorporate both quantitative and qualitative factors, such as estimated selling rates and costs to complete, judgement is made concerning estimated NRV, which, in some cases, has resulted in the establishment of a provision.

iv) Investment properties and owner-occupied administration properties

Mirvac is required to make a judgement to determine whether a property qualifies as an investment property or property, plant and equipment in the cases where part of the building is occupied by the Group. Each property is considered individually. Where more than 10 per cent of the lettable space is occupied by the Group, the property is normally treated as owner-occupied and accounted for as part of property, plant and equipment.

v) Fair value estimation

Where 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.

vi) Security based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Monte-Carlo simulation pricing method; this method includes a number of judgements and assumptions. These judgements and assumptions relating to security based payments would have no impact on the carrying amounts of assets and liabilities in the statement of financial position but may impact the security based payment expense taken to profit or loss and equity.

(vii) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from tax losses, capital losses and temporary differences, are recognised only when it is considered probable that they will be recovered. Recoverability is dependent on the generation of sufficient future taxable profits.

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 year:

i) Inventories

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Such estimates take into consideration the timing of costs incurred and sales achieved, as well as fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the reporting period. The key assumptions require the use of management judgement and are reviewed quarterly. During the half year, Mirvac expensed $242.9m (December 2011: $25.0m) in relation to inventories that were carried in excess of the NRV.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ii) Impairment of goodwill

Mirvac 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 ("CGU") 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 $63.1m (June 2012: $63.1m). There was no impairment loss recognised during the half year (December 2011: $nil).

iii) Estimated impairment of investments accounted for using the equity method

The investments are tested for impairment, by comparing recoverable amounts (higher of value in use, and fair value less costs to sell) with the carrying amounts, whenever there is an indication that the investment may be impaired. In determining the value in use of the investment, Mirvac 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.

iv) Fair value of investments not traded in active markets

The fair value of investments not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by 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 is $12.7m (June 2012: $12.7m) and is disclosed as other financial assets at fair value through profit or loss.

v) Valuation of investment properties and owner-occupied properties

Mirvac uses judgement in respect of the fair values of investment properties and owner-occupied properties. Investment properties and owner-occupied 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 reported fair values of investment properties and owner-occupied properties reflect the market conditions at the end of the reporting period. While this represents the best estimation of fair value at the reporting date, actual sale prices achieved (should the investment properties and owner-occupied properties be sold) may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty. The carrying value at the end of the reporting period for investment properties is $5,487.7m (June 2012: $5,488.5m) and owner-occupied properties $298.3m (June 2012: $294.7m). Details on investment properties are provided in note 9.

vi) 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 costs to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either DCF or residual methods. Both methods require consideration of the project risks which are relevant to the development process, including but not limited to construction and letting risks. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The net loss on fair value of IPUC was $0.9m during the period (December 2011: $10.3m). The carrying value of $106.0m (June 2012: $34.2m) at the end of the reporting period is included in investment properties (refer to note 9).

vii) Valuation of security based payment transactions

Valuation of security based payment transactions are performed using judgements around the fair value of the equity instruments on the date at which they are granted. The fair value is determined using a Monte-Carlo simulation. Mirvac recognises a security based payment over the vesting period which is based on the estimation of the number of equity instruments likely to vest. At the end of the vesting period, Mirvac will assess the total expense recognised in comparison to the number of equity instruments that ultimately vested.

viii) Valuation of derivatives and other financial instruments

Mirvac 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

a) Description of business segments
Management has determined the segments based on the reports reviewed by the Executive Leadership Team ("ELT") that are used to make strategic decisions. The ELT considers the business from both a product, and within Australia a geographic perspective. Each division prepares an executive finance report on a monthly basis; this is a detailed report that summarises the following:

– historic results of the division, using both statutory profit and operating profit;
– future forecast of the division for the remainder of the year; and
– key risks and opportunities facing the division.

The ELT assesses the performance of the segments based on a number of measures, both financial and non-financial, which include a measure of operating profit; the use of capital; and success in delivering against KPIs. The ELT has identified two core divisions, Investment and Development. Applying the requirements of AASB 8 *Operating Segments*, Mirvac has two reportable segments, in addition one business unit, Investment Management (including MAM), does not meet the requirements for aggregation and therefore has been shown separately:

i) Investment
The division is made up of MPT and a small number of assets held by the company which holds investments in properties covering the retail, office, industrial and hotel sectors throughout Australia, held for the purpose of producing rental income, predominately through the Trust, its controlled trusts and corporate entities holding investment properties. Income is also derived from investments in associates including Mirvac Industrial Trust.

ii) Hotel Management
Hotel Management was responsible for management of hotels across Australia and New Zealand. The Hotel Management business was sold on 22 May 2012.

iii) Investment Management
MIM manages listed and unlisted property funds on behalf of retail and institutional investors. MIM has been disposing of non-core funds over the past two and a half years in line with the Group's strategy to focus on wholesale investor partnerships, providing capital for the Group's two core divisions, Investment and Development. MIM also includes MAM. MAM manages assets on behalf of MPT and external property owners across the real estate spectrum.

iv) Development
The division's primary operations are property development and construction of residential, office, industrial and retail development projects throughout Australia. In addition, project management fees are received from the management of development and construction projects on behalf of associates, joint ventures and residential development funds.

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) Elimination
The elimination segment includes adjustments to eliminate trading between segments and to transfer balances to reflect correct disclosure of items on a consolidated basis.

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

e) 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 Group.

f) Segment liabilities
The amounts provided to the ELT with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. The Group's borrowings and derivative financial instruments are not considered to be segment liabilities but rather are managed by the Group treasury function.

g) Geographical and customer analysis
Mirvac operates predominately in Australia with investments in the United States of America. Materially, all revenue is derived in Australia and all assets are in Australia. No single customer in the current or prior half year provided more than 10 per cent of the Group's revenue.

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2012	Investment $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	**Consolidated SoCI $m**
Revenue from continuing operations						
Investment properties rental revenue	285.3	2.6	–	–	–	**287.9**
Investment management fee revenue	–	5.5	–	–	(1.0)	**4.5**
Development and construction revenue	–	–	317.3	–	–	**317.3**
Development management fee revenue	–	–	9.9	–	(0.2)	**9.7**
Interest revenue	3.3	0.6	2.5	3.0	(0.3)	**9.1**
Dividend and distribution revenue	0.4	–	–	–	–	**0.4**
Other revenue	(0.2)	1.7	1.0	3.6	–	**6.1**
Inter-segment sales	20.5	7.7	1.6	–	(29.8)	**–**
Total revenue from continuing operations	**309.3**	**18.1**	**332.3**	**6.6**	**(31.3)**	**635.0**
Net gain on fair value of investment properties	63.7	–	–	–	5.1	**68.8**
Share of net profit of associates and joint ventures accounted for using the equity method	5.7	0.8	0.7	0.1	–	**7.3**
Gain on financial instruments	0.1	–	–	–	–	**0.1**
Foreign exchange gain	0.3	–	–	7.3	–	**7.6**
Total other income	**69.8**	**0.8**	**0.7**	**7.4**	**5.1**	**83.8**
Total revenue from continuing operations and other income	**379.1**	**18.9**	**333.0**	**14.0**	**(26.2)**	**718.8**
Net loss on fair value on IPUC	0.9	–	–	–	–	**0.9**
Net loss on sale of investment properties	2.0	–	–	–	–	**2.0**
Investment properties expenses	67.3	2.2	–	–	(6.6)	**62.9**
Cost of property development and construction	–	–	277.9	–	–	**277.9**
Employee benefits expenses	–	8.7	8.2	16.8	–	**33.7**
Depreciation and amortisation expenses	11.1	0.2	1.2	0.8	2.4	**15.7**
Impairment of investments including associates and joint ventures	–	–	12.3	–	–	**12.3**
Impairment of loans	–	–	18.0	–	–	**18.0**
Finance costs	23.5	8.8	23.5	0.2	(16.9)	**39.1**
(Gain)/loss on financial instruments	(0.6)	–	–	16.8	–	**16.2**
Selling and marketing expenses	–	0.3	11.4	0.3	–	**12.0**
Provision for loss on inventories	–	–	242.9	–	–	**242.9**
Other expenses	3.9	2.9	2.8	13.6	(6.2)	**17.0**
Profit/(loss) from continuing operations before income tax	**271.0**	**(4.2)**	**(265.2)**	**(34.5)**	**1.1**	**(31.8)**
Income tax benefit						**87.0**
Profit attributable to the stapled securityholders of Mirvac						**55.2**

Half year ended 31 December 2012	Investment $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Tax $m	**Consolidated $m**
Profit attributable to the stapled securityholders of Mirvac	271.0	(4.2)	(265.2)	(34.5)	1.1	87.0	**55.2**
Specific non-cash items							
Net gain on fair value of investment properties	(63.7)	–	–	–	(5.1)	–	**(68.8)**
Net loss on fair value of IPUC	0.9	–	–	–	–	–	**0.9**
Net (gain)/loss on fair value of derivative financial instruments and associated foreign exchange movements [1]	(1.0)	–	–	9.5	–	–	**8.5**
Security based payment expense [2]	–	–	–	1.9	–	–	**1.9**
Depreciation of owner-occupied investment properties [3]	–	–	–	–	3.6	–	**3.6**
Straight-lining of lease revenue [4]	(8.0)	–	–	–	–	–	**(8.0)**
Amortisation of lease fitout incentives [3]	6.7	–	–	–	(1.2)	–	**5.5**
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 [5]	1.6	0.8	–	–	–	–	**2.4**
Significant items							
Impairment of investments including associates and joint ventures	–	–	12.3	–	–	–	**12.3**
Impairment of loans	–	–	18.0	–	–	–	**18.0**
Provision for loss on inventories	–	–	242.9	–	–	–	**242.9**
Net loss from sale of non-aligned assets	2.0	–	–	–	–	–	**2.0**
Tax effect							
Tax effect of non-cash and significant adjustments [6]	–	–	–	–	–	(82.2)	**(82.2)**
Operating profit/(loss) (profit before specific non-cash and significant items)	**209.5**	**(3.4)**	**8.0**	**(23.1)**	**(1.6)**	**4.8**	**194.2**

1) Total of Gain on financial instruments, Foreign exchange gain and Loss on financial instruments.
2) Included within Employee benefits expenses in the SoCI.
3) Included within Depreciation and amortisation expenses in the SoCI.
4) Included within Investment properties rental revenue in the SoCI.
5) Included within Share of net profit of associates and joint ventures accounted for using the equity method in the SoCI.
6) Included in Income tax benefit in the SoCI.

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2011	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Total inc. discontinued operations $m	Discontinued operations [1] $m	Consolidated SoCI $m
Revenue from continuing operations									
Investment properties rental revenue	276.3	–	2.4	–	–	(0.6)	278.1	–	278.1
Hotel operating revenue	–	87.1	–	–	–	–	87.1	(87.1)	–
Investment management fee revenue	–	–	7.6	–	–	0.1	7.7	(2.0)	5.7
Development and construction revenue	–	–	–	370.1	–	–	370.1	–	370.1
Development management fee revenue	–	–	–	10.4	–	3.3	13.7	(0.9)	12.8
Interest revenue	12.0	0.1	1.5	3.1	2.0	(0.4)	18.3	(0.1)	18.2
Dividend and distribution revenue	1.2	–	–	–	–	–	1.2	–	1.2
Other revenue	0.9	0.3	1.5	3.9	1.0	(0.9)	6.7	(0.3)	6.4
Inter-segment sales	27.7	0.1	7.3	1.1	–	(36.2)	–	–	–
Total revenue from continuing operations	318.1	87.6	20.3	388.6	3.0	(34.7)	782.9	(90.4)	692.5
Net gain/(loss) on fair value of investment properties	74.6	–	–	–	–	(3.4)	71.2	–	71.2
Share of net profit of associates and joint ventures accounted for using the equity method	6.5	–	1.7	2.8	0.2	–	11.2	1.1	12.3
Gain on financial instruments	–	–	–	–	35.7	–	35.7	–	35.7
Net gain on sale of investment properties	1.5	–	–	–	–	–	1.5	–	1.5
Total other income	82.6	–	1.7	2.8	35.9	(3.4)	119.6	1.1	120.7
Total revenue from continuing operations and other income	400.7	87.6	22.0	391.4	38.9	(38.1)	902.5	(89.3)	813.2
Net loss on fair value of IPUC	10.3	–	–	–	–	–	10.3	–	10.3
Net loss on sale of investments	–	–	0.6	–	–	–	0.6	–	0.6
Net loss on sale of property, plant and equipment	–	–	–	0.2	0.1	–	0.3	–	0.3
Foreign exchange loss	0.8	–	–	–	23.6	–	24.4	–	24.4
Investment properties expenses	66.3	–	1.5	–	–	(6.2)	61.6	–	61.6
Hotel operating expenses	–	27.7	–	0.4	–	(0.9)	27.2	(26.8)	0.4
Cost of property development and construction	–	–	–	322.8	–	–	322.8	–	322.8
Employee benefits expenses	–	39.7	8.8	8.1	19.7	0.5	76.8	(40.0)	36.8
Depreciation and amortisation expenses	9.3	2.5	0.1	1.5	0.7	2.3	16.4	(2.9)	13.5
Impairment of loans	–	–	0.9	–	6.5	–	7.4	–	7.4
Finance costs	45.3	0.7	9.8	28.9	5.3	(25.1)	64.9	–	64.9
Loss on financial instruments	22.9	–	–	–	40.7	–	63.6	–	63.6
Selling and marketing expenses	–	5.0	0.3	14.7	0.1	–	20.1	(5.0)	15.1
Provision for loss on inventories	–	–	–	25.0	–	–	25.0	–	25.0
Business combination transaction costs	0.4	–	–	–	–	–	0.4	–	0.4
Other expenses	3.4	3.5	2.7	7.5	12.2	(4.5)	24.8	(9.5)	15.3
Profit/(loss) from continuing operations before income tax	242.0	8.5	(2.7)	(17.7)	(70.0)	(4.2)	155.9	(5.1)	150.8
Income tax benefit							20.7	1.4	22.1
Profit from continuing operations							176.6	(3.7)	172.9
Profit from discontinued operations							–	3.7	3.7
Profit attributable to the stapled securityholders of Mirvac							176.6	–	176.6

1) The comparative figures have been adjusted to reflect the change in intention in relation to Travelodge Group. Refer to note 7 for further information.

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2011	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Tax $m	Consolidated $m
Profit attributable to the stapled securityholders of Mirvac	242.0	8.5	(2.7)	(17.7)	(70.0)	(4.2)	20.7	176.6
Specific non-cash items								
Net (gain)/loss on fair value of investment properties	(74.6)	–	–	–	–	3.4	–	(71.2)
Net loss on fair value of IPUC	10.3	–	–	–	–	–	–	10.3
Net loss on fair value of derivative financial instruments and associated foreign exchange movements	23.7	–	–	–	28.6	–	–	52.3
Security based payment expense	–	–	–	–	3.5	–	–	3.5
Depreciation of owner-occupied investment properties	–	–	–	–	–	3.3	–	3.3
Straight-lining of lease revenue	(6.9)	–	–	–	–	–	–	(6.9)
Amortisation of lease fitout incentives	6.2	–	–	–	–	(1.0)	–	5.2
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	(1.0)	–	0.8	–	–	–	–	(0.2)
Significant items								
Impairment of loans	–	–	–	–	6.5	–	–	6.5
Provision for loss on inventories	–	–	–	25.0	–	–	–	25.0
Net (gain)/loss on sale of non-aligned assets	(1.0)	–	0.6	–	–	–	–	(0.4)
Tax effect								
Tax effect of non-cash and significant adjustments	–	–	–	–	–	–	(18.7)	(18.7)
Discontinued operations								
Specific non-cash items and significant items included in profit from discontinued operations (net of tax)	9.2	1.0	–	0.3	6.0	–	(0.3)	16.2
Operating profit/(loss) (profit before specific non-cash and significant items)	207.9	9.5	(1.3)	7.6	(25.4)	1.5	1.7	201.5

	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Total inc. disposal group $m	Discontinued operations [1] $m	**Total $m**
31 December 2012									
Total assets	6,805.4	–	55.2	1,856.0	351.4	(749.0)	8,319.0	–	**8,319.0**
Total liabilities	770.4	–	8.4	425.4	2,222.7	(782.0)	2,644.9	–	**2,644.9**
Investment in associates and joint ventures	152.1	–	8.1	220.8	2.4	(36.2)	347.2	–	**347.2**
Acquisitions of investments and property, plant and equipment	54.6	–	0.4	1.0	0.6	–	56.6	–	**56.6**
Depreciation and amortisation expenses	11.1	–	0.2	1.2	0.8	2.4	15.7	–	**15.7**
31 December 2011									
Total assets	6,492.2	145.1	63.3	2,142.0	303.4	(569.7)	8,576.3	–	8,576.3
Total liabilities	840.9	30.2	5.1	226.4	2,347.5	(517.9)	2,932.2	–	2,932.2
Investment in associates and joint ventures	265.2	–	11.5	240.0	2.5	(32.7)	486.5	(130.4)	356.1
Acquisitions of investments and property, plant and equipment	60.4	1.3	0.2	28.4	0.5	–	90.8	–	90.8
Depreciation and amortisation expenses	9.3	2.5	0.1	1.5	0.7	2.3	16.4	(2.9)	13.5

1) The comparative figures have been adjusted to reflect the change in intention in relation to Travelodge Group. Refer to note 7 for further information.

4 FINANCE COSTS

	31 December 2012 $m	31 December 2011 $m
Interest and finance charges paid/payable net of provision release	**62.2**	90.6
Amount capitalised	**(37.1)**	(46.0)
Interest capitalised in current and prior periods expensed this period net of provision release	**12.4**	18.6
Borrowing costs amortised	**1.6**	1.7
Total finance costs	**39.1**	64.9

5 EARNINGS PER STAPLED SECURITY

	31 December 2012 Cents	31 December 2011[1] Cents
Basic earnings per stapled security		
From continuing operations	**1.62**	5.07
From discontinued operations	**–**	0.11
Total basic earnings per stapled security attributable to the stapled securityholders of Mirvac	**1.62**	5.18
Diluted earnings per stapled security[2]		
From continuing operations	**1.61**	5.06
From discontinued operations	**–**	0.11
Total diluted earnings per stapled security attributable to the stapled securityholders of Mirvac	**1.61**	5.17
	$m	$m
Basic and diluted earnings per stapled security[2]		
From continuing operations	**55.2**	172.9
From discontinued operations	**–**	3.7
Profit attributable to the stapled securityholders of Mirvac used in calculating earnings per security	**55.2**	176.6

Weighted average number of securities used as a denominator	**Number m**	Number m
Weighted average number of securities used in calculating basic earnings per security	**3,418.5**	3,409.3
Adjustment for calculation of diluted earnings per security		
Securities issued under EIS	**6.1**	7.6
Weighted average number of securities used in calculating diluted earnings per security	**3,424.6**	3,416.9

1) A portion of the earnings used to calculate the basic and diluted earnings in the comparative period has been reclassified from discontinued operations into continuing operations. Refer to note 7 for further details.
2) Diluted securities do not include the options and rights issued under the current LTI plans as the exercise of these equity instruments is contingent on conditions during the vesting period.

6 INVENTORIES

	31 December 2012 $m	30 June 2012 $m
Current [1]		
Development projects		
Cost of acquisition	**182.4**	167.9
Development costs	**387.4**	202.5
Borrowing costs capitalised during development	**62.7**	61.8
Provision for loss	**(196.0)**	(84.8)
	436.5	347.4
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**54.8**	56.4
Borrowing costs capitalised during construction	**0.2**	0.7
Progress billings	**(48.3)**	(0.6)
	6.7	56.5
Total current inventories	**443.2**	403.9
Non-current [1]		
Development projects		
Cost of acquisition	**677.2**	711.6
Development costs	**304.6**	295.6
Borrowing costs capitalised during development	**167.3**	151.4
Provision for loss	**(217.9)**	(109.7)
Total non-current inventories	**931.2**	1,048.9
Aggregate carrying amount of inventories		
Current	**443.2**	403.9
Non-current	**931.2**	1,048.9
Total inventories	**1,374.4**	1,452.8

1) Lower of cost and NRV.

During the half year, Mirvac expensed $242.9m (December 2011: $25.0m) in relation to inventories that were carried in excess of the NRV. This resulted from a realignment of future assumptions with current market conditions. The majority of projects impacted are located in Queensland and in Western Australia.

7 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Discontinued operations

There were no discontinued operations as at 31 December 2012 (June 2012: $nil). As at 31 December 2011, the Group had entered into contracts for the sale of its Hotel Management business and Mirvac Wholesale Hotel Fund following a strategic review of this business. The sale was completed on 22 May 2012. Also included in the disposal group at 31 December 2011 was the investment in Travelodge Group. However, no contracts had been exchanged and by 30 June 2012 management's intention to dispose of this investment had changed. Accordingly, it was reclassified to a joint venture accounted for using the equity method and considered a continuing operation.

7 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

b) Financial performance and cash flow information

The financial performance and cash flow information for the discontinued operations are as follows:

	31 December 2012 $m	31 December 2011 $m [1]
Revenue and other income	–	89.3
Expenses	–	(84.2)
Profit before income tax	–	5.1
Income tax expense	–	(1.4)
Profit after tax from discontinued operations	–	3.7
Profit attributable to the stapled securityholders of Mirvac from:		
Continuing operations	**55.2**	172.9
Discontinued operations	–	3.7
	55.2	176.6
Cash flow from discontinued operations		
Net cash inflow from operating activities	–	27.6
Net cash outflow from investing activities	–	(23.8)
Net increase in cash and cash equivalents from discontinued operations	–	3.8

1) The comparative figures have been adjusted to reflect the reclassification of Travelodge Group previously included in discontinued operations to continuing operations.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	**31 December 2012 $m**	30 June 2012 $m
Consolidated statement of financial position			
Investments accounted for using the equity method			
Investments in associates	14	**10.2**	10.9
Investments in joint ventures	15	**337.0**	346.5
		347.2	357.4

	31 December 2012 $m	31 December 2011 $m [1]
Consolidated statement of comprehensive income		
Share of net (loss)/profit of associates and joint ventures accounted for using the equity method		
Investments in associates	**(0.7)**	0.6
Investments in joint ventures [1]	**8.0**	11.7
	7.3	12.3

1) The comparative figures have been adjusted to reflect the reclassification of Travelodge Group previously included in discontinued operations to continuing operations.

9 INVESTMENT PROPERTIES

	Date of acquisition	Book value 31 Dec 2012 $m	Book value 30 Jun 2012 $m	Capitalisation rate 31 Dec 2012 %	Capitalisation rate 30 Jun 2012 %	Discount rate 31 Dec 2012 %	Discount rate 30 Jun 2012 %	Date of last external valuation	Last external valuation $m
MPT and its controlled entities									
1 Castlereagh Street, Sydney NSW	Dec 1998	**72.0**	72.0	**7.63**	7.63	**9.25**	9.25	Jun 2012	72.0
1 Darling Island, Pyrmont NSW	Apr 2004	**175.0**	179.2	**7.00**	7.00	**9.00**	9.25	Dec 2012	175.0
1 Hugh Cairns Avenue, Bedford Park SA [1,2]	Aug 2010	**–**	16.5	**–**	9.50	**–**	10.00	Jun 2011	17.8
1 Woolworths Way NSO, Bella Vista NSW [1]	Aug 2010	**246.6**	246.6	**7.75**	7.75	**9.25**	9.25	Jun 2011	250.0
10 Julius Avenue, North Ryde NSW [1]	Dec 2009	**53.9**	53.9	**8.50**	8.50	**9.25**	9.25	Jun 2011	53.1
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	Jun 1994	**267.5**	259.0	**6.75-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.25	Dec 2012	267.5
10-20 Bond Street, Sydney NSW (50% interest) [1]	Dec 2009	**176.6**	175.1	**6.88**	6.88	**9.00**	9.00	Dec 2011	162.0
12 Julius Avenue, North Ryde NSW [1]	Dec 2009	**25.1**	23.4	**8.50**	8.50	**9.25**	9.25	Jun 2011	23.4
1-47 Percival Road, Smithfield NSW	Nov 2002	**30.4**	29.0	**8.25**	8.25	**9.75**	9.75	Dec 2011	28.3
189 Grey Street, Southbank QLD	Apr 2004	**78.0**	76.7	**7.63**	7.63	**9.25**	9.25	Dec 2011	73.0
19 Corporate Drive, Cannon Hill QLD [1,2]	Aug 2010	**–**	23.0	**–**	8.75	**–**	9.75	Jun 2011	24.0
190 George Street, Sydney NSW [3]	Aug 2003	**–**	40.0	**–**	8.00	**–**	9.50	Dec 2011	40.0
1900-2060 Pratt Boulevard, Chicago Illinois USA	Dec 2007	**29.4**	29.1	**7.50**	7.50	**9.25**	9.25	Dec 2011	28.1
191-197 Salmon Street, Port Melbourne VIC	Jul 2003	**102.5**	102.5	**8.00**	8.00	**9.25**	9.25	Jun 2012	102.5
200 George Street, Sydney NSW [2]	Oct 2001	**–**	29.1	**–**	8.00	**–**	9.50	Dec 2011	27.5
271 Lane Cove Road, North Ryde NSW	Apr 2000	**31.3**	31.3	**8.25**	8.25	**9.50**	9.50	Jun 2012	31.3
275 Kent Street, Sydney NSW [1]	Aug 2010	**830.0**	792.0	**6.75**	6.75	**9.00**	9.00	Jun 2012	792.0
3 Rider Boulevard, Rhodes NSW [1]	Dec 2009	**85.0**	80.9	**8.00**	8.00	**9.25**	9.25	Jun 2011	76.4
32 Sargents Road, Minchinbury NSW [1,2]	Dec 2009	**–**	23.5	**–**	8.75	**–**	9.50	Jun 2011	23.5
33 Corporate Drive, Cannon Hill QLD [1]	Aug 2010	**15.2**	16.0	**9.00**	9.00	**9.75**	9.75	Jun 2011	16.5
38 Sydney Avenue, Forrest ACT	Jun 1996	**35.5**	35.0	**8.50**	8.50	**9.50**	9.50	Dec 2012	35.5
40 Miller Street, North Sydney NSW	Mar 1998	**103.8**	103.6	**7.25**	7.25	**9.25**	9.25	Jun 2012	103.6
47-67 Westgate Drive, Altona North VIC [1]	Dec 2009	**19.1**	19.1	**9.75**	9.50	**10.00**	9.75	Dec 2011	19.1
5 Rider Boulevard, Rhodes NSW	Jan 2007	**124.0**	123.3	**8.00**	7.63	**9.25**	9.13	Dec 2012	124.0
52 Huntingwood Drive, Huntingwood NSW [1,2]	Dec 2009	**–**	22.0	**–**	8.50	**–**	9.75	Jun 2011	22.0
54 Marcus Clarke Street, Canberra ACT	Oct 1987	**14.7**	15.9	**9.75**	9.50	**10.50**	9.75	Dec 2012	14.7
54-60 Talavera Road, North Ryde NSW [1]	Aug 2010	**47.0**	45.5	**7.50**	7.50	**9.25**	9.50	Dec 2012	47.0
55 Coonara Avenue, West Pennant Hills NSW [1]	Aug 2010	**100.5**	105.1	**8.50**	8.50	**9.50**	9.50	Dec 2012	100.5
60 Marcus Clarke Street, Canberra ACT	Sep 1989	**49.1**	49.6	**8.75**	8.75	**9.50**	9.50	Jun 2011	49.0
64 Biloela Street, Villawood NSW [2]	Feb 2004	**–**	19.1	**–**	10.50	**–**	10.75	Jun 2011	19.1
Aviation House, 16 Furzer Street, Phillip ACT	Jul 2007	**68.6**	68.3	**7.75**	7.75	**9.50**	9.50	Jun 2012	68.3
Bay Centre, Pirrama Road, Pyrmont NSW	Jun 2001	**109.2**	106.9	**7.65**	7.65	**9.25**	9.25	Dec 2011	103.5
Broadway Shopping Centre, Broadway NSW (50% interest)	Jan 2007	**250.2**	245.0	**6.00**	6.00	**9.00**	9.00	Jun 2012	245.0
Cherrybrook Village Shopping Centre, Cherrybrook NSW [1]	Dec 2009	**82.0**	80.0	**7.50**	7.50	**9.50**	9.50	Jun 2011	78.5
City Centre Plaza, Rockhampton QLD [1]	Dec 2009	**49.0**	48.7	**8.00**	8.00	**9.75**	9.75	Jun 2011	48.0
Como Centre, Cnr Toorak Road & Chapel Streets, South Yarra VIC	Aug 1998	**154.2**	153.5	**7.75-8.75**	7.75-8.75	**9.29-9.75**	9.29-9.75	Jun 2011	150.0
Cooleman Court, Weston ACT [1]	Dec 2009	**47.0**	46.5	**7.75**	7.75	**9.50**	9.50	Dec 2011	46.0
Gippsland Centre, Sale VIC	Jan 1994	**48.4**	49.1	**8.50**	8.25	**9.50**	9.50	Dec 2011	49.1
Hinkler Central, Bundaberg QLD	Aug 2003	**92.0**	91.0	**7.75**	7.75	**9.50**	9.50	Dec 2012	92.0
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**56.0**	56.0	**9.00**	9.00	**10.00**	10.00	Dec 2012	56.0
Kawana Shoppingworld, Buddina QLD	Dec 1993 (50%) & Jun 1998 (50%)	**220.8**	215.7	**6.75**	6.75	**9.25**	9.25	Dec 2011	209.7

9 INVESTMENT PROPERTIES (CONTINUED)

	Date of acquisition	Book value 31 Dec 2012 $m	Book value 30 Jun 2012 $m	Capitalisation rate 31 Dec 2012 %	Capitalisation rate 30 Jun 2012 %	Discount rate 31 Dec 2012 %	Discount rate 30 Jun 2012 %	Date of last external valuation	Last external valuation $m
Logan Megacentre, Logan QLD	Oct 2005	**52.0**	55.5	**9.50**	9.75	**10.25**	10.50	Dec 2012	52.0
Moonee Ponds Central (Stage II), Moonee Ponds VIC	Feb 2008	**41.4**	40.0	**8.50**	8.50	**9.75**	9.75	Jun 2012	40.0
Moonee Ponds Central, Moonee Ponds VIC	May 2003	**25.3**	25.5	**7.75**	7.75	**9.50**	9.50	Jun 2012	25.5
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	Aug 2004	**19.4**	18.3	**8.00**	8.13	**9.50**	9.50	Jun 2011	17.9
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	Aug 2004	**14.4**	12.5	**8.00**	8.25	**9.50**	9.50	Dec 2012	14.4
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	Aug 2004	**24.9**	23.7	**8.00**	8.13	**9.50**	9.50	Jun 2011	23.5
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW	Aug 2004	**35.0**	33.5	**8.00**	8.00	**9.50**	9.50	Jun 2012	33.5
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	Aug 2004	**16.4**	15.5	**8.00**	8.13	**9.50**	9.50	Dec 2012	16.4
Orange City Centre, Orange NSW	Apr 1993	**48.0**	48.0	**8.50**	8.50	**10.00**	10.00	Dec 2011	49.0
Orion Springfield Town Centre, Springfield QLD	Aug 2002	**128.0**	124.0	**6.75**	6.75	**9.25**	9.25	Dec 2012	128.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	Nov 1989	**29.6**	29.5	**8.50**	8.50	**10.00**	10.00	Jun 2011	29.2
Rhodes Shopping Centre, Rhodes NSW (50% interest)	Jan 2007	**117.4**	115.0	**7.00**	7.00	**9.25**	9.25	Jun 2011	110.0
Riverside Quay, Southbank VIC	Apr 2002 & Jul 2003	**192.5**	192.1	**7.75-8.00**	7.75-8.00	**9.25-10.00**	9.25-10.00	Dec 2011	176.0
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	Oct 1995 (50%) & Apr 2001 (50%)	**114.7**	110.0	**8.00**	8.00	**9.00**	9.00	Jun 2011	107.0
Sirius Building, 23 Furzer Street, Phillip ACT	Feb 2010	**244.9**	240.0	**7.50**	7.50	**9.50**	9.50	Jun 2012	240.0
St Marys Village Centre, St Marys NSW	Jan 2003	**44.0**	43.0	**7.75**	7.75	**9.00**	9.50	Dec 2012	44.0
Stanhope Village, Stanhope Gardens NSW	Nov 2003	**78.3**	73.8	**7.50**	7.50	**9.25**	9.25	Dec 2011	70.5
Waverley Gardens Shopping Centre, Mulgrave VIC	Nov 2002	**133.7**	132.0	**7.75**	7.75	**9.50**	9.50	Dec 2011	131.5
Mirvac Limited and its controlled entities									
Hoxton Distribution Park, Hoxton Park NSW (50% interest)	Jul 2010	**99.6**	91.7	**7.50**	7.50	**9.25**	9.25	Jun 2012	99.6
Manning Mall, Taree NSW	Dec 2006	**32.6**	33.0	**8.75**	8.50	9.50	9.50	Dec 2011	34.8
Total investment properties		**5,381.7**	5,454.3						
IPUC									
4 Dalley Street & Laneway, Sydney NSW[3]	Mar 2004	**–**	2.2	**–**	6.75	**–**	9.25	Dec 2011	–
200 George St, Sydney NSW[4,5] (100% interest)	Dec 2012	**75.2**	–	**6.50**	–	**8.75**	–	Dec 2012	75.2
Orion Springfield land, Springfield QLD	Aug 2002	**30.8**	32.0	**6.50-9.25**	6.50-9.25	**9.25-10.75**	9.25-10.75	Dec 2012	30.8
Total IPUC		**106.0**	34.2						
Total investment properties and IPUC		**5,487.7**	5,488.5						

1) Date of acquisition represents business combination acquisition date.
2) Investment property disposed of during the half year.
3) Investment property reclassified as IPUC and amalgamated as 200 George Street, Sydney NSW as at 31 December 2012.
4) Represents the amalgamated development site of 190 George Street, 200 George Street and 4 Dalley Street & Laneway, Sydney NSW. Date of acquisition represents date of site amalgamation.
5) IPUC held 50 per cent by MPT and 50 per cent by Mirvac Limited.

9 INVESTMENT PROPERTIES (CONTINUED)

a) Reconciliation of carrying amounts of investment properties

At fair value	31 December 2012 $m	30 June 2012 $m
Balance 1 July	**5,488.5**	5,442.0
Additions	**49.5**	109.4
Disposals	**(105.1)**	(126.2)
Net gain on fair value of investment properties	**69.8**	148.7
Net loss on fair value of IPUC	**(0.9)**	(15.8)
Net (loss)/gain from foreign currency translation	**(0.5)**	1.6
Sale of asset and transfer to equity accounted investments	**–**	(49.0)
Transfers from inventories	**–**	97.3
Transfers of owner-occupied property to property, plant and equipment	**–**	(31.6)
Deconsolidation of entity	**–**	(58.7)
Amortisation of fitout incentives, leasing costs and rent incentive	**(13.6)**	(29.2)
Balance 31 December/30 June	**5,487.7**	5,488.5

b) Amounts recognised in profit or loss for investment properties

	31 December 2012 $m	31 December 2011 $m
Investment properties rental revenue	**287.9**	278.1
Investment properties expenses	**(62.9)**	(61.6)
	225.0	216.5

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, discounted cash flow ("DCF") and capitalisation rate ("CR"). 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 CR. Mirvac's terminal cap rates are in the range of an additional nil to 100 basis points above the respective property's CR.

CR: 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 CR. The CR 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 for IPUC usually requires the use of estimation models. The two main estimation models used to value IPUC are residual and DCF valuations. The residual method of determining the value of a property uses the estimated total cost of the development, including construction and associated expenditures, finance costs, and an allowance for developer's risk and profit is deducted from the end value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value.

9 INVESTMENT PROPERTIES (CONTINUED)

d) Property portfolio

Mirvac's property portfolio is made up as follows:

	31 December 2012 $m	30 June 2012 $m
Investment properties per consolidated statement of financial position	**5,487.7**	5,488.5
Owner-occupied administration properties classified as property, plant and equipment	**298.3**	294.7
	5,786.0	5,783.2

10 INTANGIBLE ASSETS

	Management rights $m	Goodwill $m	Other Intangible Assets $m	**Total $m**
Balance 1 July 2012	2.6	63.1	–	**65.7**
Balance 31 December 2012	**2.6**	**63.1**	**–**	**65.7**
Balance 1 July 2011	3.2	69.4	2.1	74.7
Disposal of controlled entity	(0.6)	(6.3)	(2.1)	(9.0)
Balance 30 June 2012	2.6	63.1	–	65.7

a) Allocation of intangible assets by operating segment

A segment level summary of the intangible asset allocations is presented below:

	Investment $m	Investment Management $m	**Total $m**
Management rights – indefinite life [1]	–	2.6	**2.6**
Goodwill	63.1	–	**63.1**
Balance 31 December 2012	**63.1**	**2.6**	**65.7**
Management rights – indefinite life [1]	–	2.6	2.6
Goodwill	63.1	–	63.1
Balance 30 June 2012	63.1	2.6	65.7

1) Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry. The Group also holds strategic stakes in these funds in order to protect its interest.

b) Key assumptions used for value in use calculations for goodwill and other intangible assets

The recoverable amount of CGUs is determined using the higher of fair value less cost to sell, and their value in use. The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. Investment Management CGUs, cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. For the Investment CGU, no forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties. The growth rate has been adjusted to reflect current market conditions and does not exceed the long term average growth rate for the business in which the CGU operates. The discount rates used are post-tax and reflect specific risks relating to the relevant segments and the countries in which they operate. A terminal growth rate of three per cent has also been applied.

CGU	**Growth rate [1] 31 December 2012 % pa**	**Discount rate 31 December 2012 % pa**	Growth rate [1] 30 June 2012 % pa	Discount rate 30 June 2012 % pa
Investment	**–** [2]	**9.5**	– [2]	9.5
Investment Management	**1.0**	**13.0**	1.0	13.0

1) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2) The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. No forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties.

The recoverable amount of intangible assets exceeds the carrying value at 31 December 2012. 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.

10 INTANGIBLE ASSETS (CONTINUED)

c) Impairment of goodwill
There was no impairment of goodwill during the half year end (December 2011: $nil).

d) Impairment of intangible assets
There was no impairment of management rights during the half year end (December 2011: $nil). Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry.

11 BORROWINGS

	Note	**31 December 2012 $m**	30 June 2012 $m
Current			
Secured			
Lease liabilities	11(a)(iii)	**2.9**	2.9
		2.9	2.9
Non-current			
Unsecured			
Bank loans	11(a)(i)	**926.9**	1,012.9
Domestic medium term note ("MTN")	11(a)(ii)	**575.0**	425.0
Foreign MTN	11(a)(iv)	**371.2**	378.0
Secured			
Lease liabilities	11(a)(iii)	**4.2**	6.2
		1,877.3	1,822.1

a) Borrowings

i) Bank loans
Mirvac has bank facilities totalling $1,740.0m (June 2012: $1,740.0m). The facility contains three tranches: a $530.0m tranche maturing in January 2014[1], a $530.0m tranche maturing in January 2015 and a $530.0m tranche maturing in January 2016. There is also a bilateral bank facility of $150.0m (June 2012: $150.0m) maturing in November 2014. Subject to compliance with the terms, each of these bank loan facilities may be drawn at any time.

ii) Domestic MTN
Mirvac has a total of $575.0m (June 2012: $425.0m) of domestic MTN outstanding: $200.0m maturing in March 2015, $225.0m maturing in September 2016 and $150.0m maturing in December 2017. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

iii) Lease liabilities
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

iv) Foreign MTN
Mirvac has a US Private Placement issue made up of US$275.0m maturing in November 2016 and US$100.0m maturing in November 2018. An additional $10.0m maturing in November 2016 was also issued in conjunction with this placement. Interest is payable semi-annually in arrears for all notes. The notes were issued with fixed and floating rate coupons payable in US dollars and swapped back to Australian dollar floating rate coupons through cross currency principal and interest rate swaps.

1) On 11 January 2013, the tranche of $530.0m maturing in January 2014 was reduced to $350.0m.

11 BORROWINGS (CONTINUED)

b) Financing arrangements

	31 December 2012 $m	30 June 2012 $m
Total facilities		
Bank loans [1]	**1,740.0**	1,740.0
Domestic MTN	**575.0**	425.0
Foreign MTN	**371.2**	378.0
	2,686.2	2,543.0
Used at end of the reporting period		
Bank loans	**926.9**	1,012.9
Domestic MTN	**575.0**	425.0
Foreign MTN	**371.2**	378.0
	1,873.1	1,815.9
Unused at end of the reporting period		
Bank loans	**813.1**	727.1
	813.1	727.1

1) On 11 January 2013, the tranche of $530.0m maturing in January 2014 was reduced to $350.0m.

12 CONTRIBUTED EQUITY

a) Paid up equity

Consolidated	31 December 2012 Securities m	30 June 2012 Securities m	31 December 2012 $m	30 June 2012 $m
Mirvac Limited – ordinary shares issued	**3,420.2**	3,412.0	**1,251.1**	1,249.8
MPT – ordinary units issued	**3,420.2**	3,412.0	**5,095.5**	5,084.9
Total contributed equity			**6,346.6**	6,334.7

b) Movements in paid up equity

Movements in paid up equity of Mirvac for the half year ended 31 December 2012 were as follows:

	m	Securities $m
Balance 1 July 2012	3,412.0	6,334.7
LTI and EIS securities converted, sold or forfeited	8.2	11.9
Balance 31 December 2012	**3,420.2**	**6,346.6**

c) Reconciliation of securities issued on the ASX

Under AAS, securities 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 the Group. Total ordinary securities issued as detailed above are reconciled to securities issued on the ASX as follows:

	31 December 2012 Securities m	30 June 2012 Securities m
Total ordinary securities disclosed	**3,420.2**	3,412.0
Securities issued under LTI plan and EIS	**5.4**	6.2
Total securities issued on the ASX	**3,425.6**	3,418.2

13 DIVIDENDS/DISTRIBUTIONS

Ordinary stapled securities	31 December 2012 $m	31 December 2011 $m
Half yearly/quarterly ordinary distributions paid as follows:		
4.20 cents per stapled security paid on 25 January 2013 (unfranked distribution)	**143.9**	–
2.00 cents per stapled security paid on 28 October 2011 (unfranked distribution)	**–**	68.3
2.00 cents per stapled security paid on 27 January 2012 (unfranked distribution)	**–**	68.3
Total dividend/distribution 4.20 cents (December 2011: 4.00 cents) per stapled security	**143.9**	136.6

14 INVESTMENTS IN ASSOCIATES

Associates accounted for using the equity method

Investments in associates are accounted for using the equity method of accounting. All associates were established or incorporated in Australia. Information relating to associates is set out below:

		Interest		Carrying value	
Name of entity	Principal activities	**31 December 2012 %**	30 June 2012 %	**31 December 2012 $m**	30 June 2012 $m
Archbold Road Trust	Non-residential development	**20**	20	**–**	–
Australian Sustainable Forestry Investors 1&2 [1]	Forestry and environmental asset manager	**60**	60	**9.7**	10.4
BAC Devco Pty Limited [2]	Non-residential development	**33**	33	**–**	–
FreeSpirit Resorts Pty Limited	Investment property	**25**	25	**–**	–
Mindarie Keys Joint Venture [3]	Residential development	**15**	15	**0.5**	0.5
Mirvac Industrial Trust [4]	Listed property investment trust	**14**	14	**–**	–
				10.2	10.9

1) Mirvac equity accounts for this investment as an associate even though it owns more than 50 per cent of the voting or potential voting power due to the fact that it does not have the power to control the entity. A controlled entity of the Group is the project manager of this investment.
2) This entity entered into voluntary administration as of 4 May 2010.
3) Mirvac 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 it has significant influence over this entity, as a controlled entity of the Group is the project manager of this investment.
4) Mirvac equity accounts for this investment as an associate even though it owned less than 20 per cent of the voting or potential voting power due to the fact that it has significant influence over these entities, as a controlled entity of the Group is the responsible entity for the fund.

15 INVESTMENTS IN JOINT VENTURES

Joint ventures accounted for using the equity method

Investments in joint ventures include those in corporations, partnerships and other entities and accounted for in the financial statements using the equity method of accounting. All joint ventures were incorporated in Australia with the exception of Quadrant Real Estate Advisors LLC which was incorporated in the United States. Information relating to joint ventures is set out below:

		Interest		Carrying value	
Name of entity	Principal activities	**31 December 2012 %**	30 June 2012 %	**31 December 2012 $m**	30 June 2012 $m
Australian Centre for Life Long Learning	Non-residential development	**50**	50	**–**	–
BL Developments Pty Limited [1]	Residential development	**50**	50	**34.3**	46.7
City West Property Investments (No.1) Trust	Non-residential development	**50**	50	**9.5**	9.4
City West Property Investments (No.2) Trust	Non-residential development	**50**	50	**9.5**	9.4
City West Property Investments (No.3) Trust	Non-residential development	**50**	50	**9.5**	9.4
City West Property Investments (No.4) Trust	Non-residential development	**50**	50	**9.5**	9.4
City West Property Investments (No.5) Trust	Non-residential development	**50**	50	**9.5**	9.4
City West Property Investments (No.6) Trust	Non-residential development	**50**	50	**9.5**	9.4
Domaine Investment Trust	Non-residential development	**50**	50	**–**	–
Ephraim Island Joint Venture	Residential development	**50**	50	**3.1**	4.8
Fast Track Bromelton Pty Limited and Nakheel SPV Pty Limited	Non-residential development	**50**	50	**27.2**	27.2
Googong Township Unit Trust	Residential development	**50**	50	**25.2**	25.7
Green Square Consortium Pty Limited	Residential development	**50**	50	**–**	–
HPAL Freehold Pty Limited	Non-residential development	**50**	50	**0.2**	–
Infocus Infrastructure Management Pty Limited	Investment property	**50**	50	**0.3**	1.3
Leakes Road Rockbank Unit Trust	Residential development	**50**	50	**14.2**	14.3
Mirvac 8 Chifley Trust	Investment property	**50**	50	**25.0**	21.0
Mirvac Lend Lease Village Consortium	Residential development	**50**	50	**0.7**	0.7
Mirvac Wholesale Residential Development Partnership Trust	Residential development	**20**	20	**23.3**	23.0
MVIC Finance 2 Pty Limited	Residential development	**50**	50	**–**	–
Quadrant Real Estate Advisors LLC	Investment property	**50**	50	**2.1**	2.1
Swanbourne Joint Venture	Residential development	**50**	50	**1.7**	–
Travelodge Group	Hotel investment	**50**	50	**122.7**	122.7
Walsh Bay Partnership	Residential development	**50**	50	**–**	0.6
				337.0	346.5

1) The movement in the carrying value results from an impairment of $12.3m as a result of soft market conditions.

16 CONTINGENT LIABILITIES

a) Contingent liabilities

The Group had contingent liabilities at 31 December 2012 in respect of the following:

	31 December 2012 $m	30 June 2012 $m
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business.	**94.0**	103.6
Performance guarantees. The Group has provided guarantees to third parties in respect of the performance of entities within the Group. No material losses are anticipated in respect of these contractual obligations.	**2.5**	2.5
Claims for damages in respect of injury sustained due to health and safety issues have been made during the half year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful against the Group, they would result in a liability.	**2.0**	6.6

As part of the ordinary course of business of the Group, disputes can arise with suppliers, customers and other third parties. Where there is a present obligation, a liability is recognised. Where there is a possible obligation, which will only be determined by a future event and it is not considered probable that a liability will arise, they are disclosed as a contingent liability. Where the possible obligation is remote, no disclosure is given. The Group does not provide details of these as to do so may prejudice the Group's position.

b) Associates and joint ventures

There are no contingent liabilities relating to associates and joint ventures.

17 NOTES TO THE STATEMENT OF CASH FLOWS

	31 December 2012 $m	31 December 2011 $m
a) Reconciliation of cash		
Cash at the end of the half year as shown in the consolidated statement of cash flow is the same as the consolidated statement of financial position, the detail of which follows:		
Cash on hand	**–**	–
Cash at bank	**68.3**	43.8
Deposits at call	**0.3**	0.3
Total cash and cash equivalents	**68.6**	44.1
Less amounts included in assets classified as held for sale	**–**	(19.8)
Cash and cash equivalents	**68.6**	24.3

17 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

	31 December 2012 $m	31 December 2011 $m
b) Reconciliation of profit attributable to the stapled securityholders of Mirvac to net cash inflows/(outflows) from operating activities		
Profit attributable to the stapled securityholders of Mirvac	**55.2**	176.6
Share of net profit of associates and joint ventures not received as dividends/distributions	**(7.3)**	(11.1)
Net loss on sale of investments	**–**	0.6
Net gain on fair value of investment properties	**(68.8)**	(71.2)
Net loss on fair value of IPUC	**0.9**	10.3
Net loss/(gain) on sale of investment properties	**2.0**	(1.5)
Net loss on sale of property, plant and equipment	**–**	0.3
Depreciation and amortisation expenses	**15.7**	16.4
Impairment of investments including associates and joint ventures	**12.3**	–
Impairment of loans	**18.0**	7.4
Provision for loss on inventories	**242.9**	25.0
Business combination transaction costs	**–**	0.4
Security based payments expense	**1.9**	3.5
Unrealised loss on financial instruments	**16.1**	28.0
Unrealised (gain)/loss on foreign exchange	**(7.6)**	24.4
Associates and joint ventures dividends/distributions received	**8.1**	14.8
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
– Increase in income taxes payable	**0.4**	0.2
– Decrease in tax effected balances	**(88.4)**	(20.3)
– Increase in receivables	**(12.9)**	(5.0)
– Increase in inventories	**(148.9)**	(276.5)
– Increase in other assets/liabilities	**(3.6)**	(1.4)
– Increase/(decrease) in payables	**14.6**	(15.9)
– (Decrease)/increase in provisions for employee benefits	**(0.4)**	1.0
Net cash inflows/(outflows) from operating activities	**50.2**	(94.0)

18 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and the notes set out on pages 08 to 32 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 at 31 December 2012 and of its performance for the half year ended on that date; and

b) there are reasonable grounds to believe that the company 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.

Susan Lloyd-Hurwitz
Director

Sydney
14 February 2013

Report on the Half-Year Financial Report
We have reviewed the accompanying half year financial report of Mirvac Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration for the Mirvac Group (the consolidated entity). The consolidated entity comprises both Mirvac Limited (the company) and the entities it controlled during that half year, including Mirvac Funds Limited as responsible entity for Mirvac Property Trust and the entities it controlled during that half year.

Directors' responsibility for the half-year financial report
The directors of the company 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 internal 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 a 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 2012 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 Limited, 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. 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.

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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 Limited 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 2012 and of its performance for the half year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
14 February 2013

GLOSSARY OF ACRONYMS

AAS Australian Accounting Standards
AASB Australian Accounting Standards Board
AFL Available for lease
ASIC Australian Securities and Investments Commission
ASX Australian Securities Exchange
CGU Cash generating unit
CPI Consumer Price Index
CR Capitalisation rate
DCF Discounted cash flow
EIS Employee Incentive Scheme
ELT Executive Leadership Team
FY13 Year ending 30 June 2013
IAS International Accounting Standards
IASB International Accounting Standards Board
IFRS International Financial Reporting Standards
IPUC Investment properties under construction
KPI Key performance indicator
LTI Long term incentives
LLC Limited Liability Company
MAM Mirvac Asset Management
MIM Mirvac Investment Management
MPT Mirvac Property Trust
MTN Medium term note
NCI Non-controlling interest
NLA Net lettable area
NPV Net present value
NRV Net realisable value
NTA Net tangible assets
PwC PricewaterhouseCoopers
Q1 First quarter
ROIC Return on invested capital
SoCI Statement of consolidated income
SoFP Statement of financial position