by mirvac

MIRVAC GROUP

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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 2011 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.*

COVER IMAGE: ARTIST IMPRESSION OF HAROLD PARK, GLEBE, NSW

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 2011. 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
Nicholas Collishaw
Marina Darling (appointed as a Director on 23 January 2012)
Peter Hawkins
James Millar
Penny Morris (retired as a Director on 17 November 2011)
John Mulcahy
John Peters (appointed as a Director on 17 November 2011)
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 2011 was $176.6m (December 2010: loss $12.7m). The operating profit (profit before specific non-cash items and significant items) was $201.5m (December 2010: $200.1m).

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 included in the table below 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 2011, which have been subject to review, refer to pages 36 and 37 for the auditor's review report on the financial statements.

	31 December 2011 $m	31 December 2010 $m
Profit/(loss) attributable to the stapled securityholders of Mirvac	**176.6**	(12.7)
Specific non-cash items		
Net gain on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**(71.2)**	(76.1)
Net loss on fair value of investment properties under construction ("IPUC")	**10.3**	48.1
Net loss/(gain) on fair value of derivative financial instruments and associated foreign exchange movements	**52.3**	(10.4)
Security based payment expense	**3.5**	2.7
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	**4.6**	4.0
Straight-lining of lease revenue	**(6.9)**	(7.6)
Amortisation of lease fitout incentives	**5.2**	5.3
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	**9.0**	(1.0)
Significant items		
Impairment of loans	**6.5**	–
Provision for loss on inventories	**25.0**	215.0
Net gain from sale of non-aligned assets	**(0.4)**	–
Business combination transaction costs[1]	**6.0**	31.8
Tax effect		
Tax effect of specific non-cash and significant items	**(19.0)**	1.0
Operating profit (profit before specific non-cash items and significant items)	**201.5**	200.1

1) Current period relates to the costs incurred in relation to the discontinued operations. These costs are included in the consolidated statement of comprehensive income, under the heading profit from discontinued operations.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Key financial highlights for the half year ended 31 December 2011 included:

- profit attributable to the stapled securityholders of Mirvac of $176.6m; which includes a net gain on investment properties (including IPUC) of $60.9m and a provision for loss on inventories of $25.0m in respect to Beachside Leighton, North Fremantle, WA;
- operating profit of $201.5m[1], representing 5.9 cents per stapled security;
- net tangible assets ("NTA") per stapled security of $1.63[2];
- total assets of $8,576.3m;
- net assets of $5,644.1m; and
- distributions of $136.6m, representing 4.0 cents per stapled security.

Key operational highlights for the half year ended 31 December 2011 included:

- achieved 3.3 per cent like-for-like net operating income growth within the Investment Division portfolio;
- occupancy remained solid at 96.4 per cent within the Investment Division's portfolio[3];
- leased 70,983 sqm (5.4 per cent of net lettable area) within the Investment Division's portfolio;
- disposed of three non-core retail properties within the Investment Division's portfolio, realising $127.0m in gross sale proceeds;
- exchanged pre-sales contracts for $1,008.1m[4] in residential projects and achieved 849 residential lot settlements;
- restocked the residential development pipeline with 7,881 lots via the acquisition of Googong, NSW, and Clyde North, VIC; capital efficient terms were secured for each acquisition;
- secured first lease at 8 Chifley Square, Sydney, NSW, with Corrs Chambers Westgarth for 42 per cent of net lettable area;
- established strategic relationships with K-REIT Asia and Aviva Investors with the sale of 50 per cent of 8 Chifley Square, Sydney, NSW and 50 per cent of Hoxton Distribution Park, Hoxton Park, NSW respectively; and
- entered into contracts for the sale of the Hotel Management business, Mirvac Hotels & Resorts to Accor Asia Pacific, and various associated investments, to a consortium comprising Accor Asia Pacific and Ascendas on 16 December 2011.

CAPITAL POSITION AND FUNDING

For the half year ended 31 December 2011, the Group has maintained its strong capital and liquidity position with:

- no debt maturities in 2012;
- $140.0m of debt maturing in January 2013;
- over $490.0m in cash and undrawn committed debt facilities on hand; and
- conservative gearing at 27.4 per cent[5].

Other key highlights included:

- extended the maturity of a $150.0m bilateral facility from April 2013 to November 2014;
- the Group repaid the $505.0m of commercial mortgage backed securities ("CMBS") acquired as part of the acquisition of Westpac Office Portfolio;
- the Group's weighted average debt maturity is currently 3.5 years;
- the Group's average borrowing costs increased slightly to 7.42 per cent per annum including margins and line fee;
- Mirvac comfortably met its covenants; and
- maintained its BBB credit rating from Standard & Poor's.

Outlook

The volatility created by the European debt crisis and subsequent disruption to global financial markets has resulted in a significant increase to bank funding costs over the past six months.

There will be limited impact of these events on the Group's borrowing costs for 12 months or more, 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. This ensures it can continue to meet its strategic objectives without increasing its overall risk profile.

OPERATIONAL HIGHLIGHTS AND DIVISIONAL STRATEGY

Investment Division

The Investment Division has a total portfolio value of $5,850.1m[6], with investments in 67 direct property assets, covering the office, retail, industrial and hotel sectors, as well as investments in other funds managed by Mirvac. The asset allocation for MPT invested capital is as follows:

- office: 58.7 per cent;
- retail: 27.5 per cent; and
- other: 13.8 per cent.

For the half year ended 31 December 2011, the Investment Division's statutory profit before tax was $242.0m and operating profit before tax was $207.9m.

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.
4) Total exchange pre-sales contracts as at 8 February 2012. Total exchanged pre-sales contracts as at 31 December 2011 of $959.1m, adjusted for Mirvac's share of joint ventures, associates, and Mirvac's managed funds.
5) Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets – cash).
6) By book value as at 31 December 2011, including assets under development and indirect investments.

Key highlights for the Trust for the half year ended 31 December 2011 included:

- achieved 3.3 per cent like-for-like net operating income growth;
- disposed of three non-core assets realising $127.0m in gross sale proceeds; and
- secured leasing commitments at key office developments:
  - at 10-20 Bond Street, Sydney, NSW, resulting in commitments to the building totalling 90.1 per cent
  - at 8 Chifley Square, Sydney, NSW, secured first lease with Corrs Chambers Westgarth for 42.0 per cent of net lettable area.

Occupancy in MPT remained solid at 96.4 per cent, with a weighted average lease expiry of approximately 5.9 years[1].

The Trust's earnings continue to be secure with 67.3 per cent of FY12 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 70.7 per cent of revenue derived from multinational, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook
The Investment Division remains focused on providing secure passive income to the Group, whilst improving the quality of the portfolio via acquisitions. The Division continues to be strategically overweight in the office sector. In spite of some softening in white collar employment created by uncertain financial market conditions, the office portfolio is well placed with a weighted average lease expiry of 6.0 years[1], a high quality portfolio and strong tenant covenants. The Division also maintains a focus on prime sub-regional shopping centres located in high growth markets. Despite the subdued retail environment, Mirvac's portfolio is comprised of shopping centres that are primarily driven by non-discretionary spend.

Hotel Management
Mirvac's Hotel Management division manages 47 hotels covering 5,853 rooms throughout Australia (44) and New Zealand (three) under a suite of four core brands comprising Sea Temple (five star resorts), Quay West Suites (five star all-suite hotels), Sebel (four and a half star hotels and resorts), and Citigate (four star hotels). During the period, the Sea Temple Surfers Paradise, QLD, opened.

For the half year ended 31 December 2011, the Division achieved a statutory profit before tax of $8.5m and an operating profit before tax of $9.5m.

The reporting period was characterised by a continuing recovery in the hotel operating environment throughout the capital city markets of Australia, supported by uplift in demand from the corporate and conferencing market segments together with minimal new supply in most major hotel markets.

Regional resort destinations have not reported the same level of uplift in trading from the conference market segments compared to CBD locations. The Division's four hotels located in the Tropical North Queensland region have recovered well following the impact of the extreme weather events experienced in 2011.

65 per cent of the hotel business is located in Australian gateway capital cities, with the remaining 35 per cent of hotels in regional locations.

Both portfolio occupancy and average room rate increased during the half year to 79.4 per cent and $184 respectively. Revenue per available room was $146, an increase of 7.3 per cent on the prior corresponding period.

Outlook
On 16 December 2011, Mirvac announced it had entered into contracts for the sale of its Hotel Management business, Mirvac Hotels & Resorts, to Accor Asia Pacific, together with various associated investments, to a consortium comprising Accor Asia Pacific and Ascendas. The contracts are subject to a number of conditions, consents and approvals, including consent from the Foreign Investment Review Board and New Zealand's Overseas Investment Office. Settlement is expected to occur prior to 30 June 2012.

Investment Management
Mirvac Investment Management ("MIM") provides capital for the Group's two core divisions — Investment and Development — through the establishment of strategic partnerships with wholesale institutional investors. Mirvac Asset Management ("MAM") provides asset management services for Investment's portfolio.

For the six months ended 31 December 2011, MIM and MAM recorded a statutory loss before tax of $2.7m and an operating loss before tax of $1.3m.

During the reporting period, MIM remained focused on its core area of operation, being investment partnerships with wholesale clients. At 31 December 2011, Mirvac manages five wholesale funds, being Mirvac Wholesale Hotel Fund[2], Mirvac Wholesale Residential Development Partnership, Travelodge Investment (Tucker Box Holdings Pty Limited), JF Infrastructure Yield Fund and the Australian Sustainable Forestry Investors Fund. It also manages the ASX listed Mirvac Industrial Trust. MIM continued with the rationalisation of non-core and unscaleable investments as demonstrated by the disposal of its 25 per cent interest in the Mirvac City Regeneration Partnership and the exit from its investment in the RedZed residential mortgage warehouse.

MAM currently manages 77 properties principally located in metropolitan and regional areas on the east coast of Australia.

Outlook
The focus of the Division is to continue to support and source capital for the Group's two core divisions — Investment and Development — through the establishment of strategic relationships with wholesale institutional investors.

1) By area, excluding assets under development.
2) Mirvac entered into contracts for the sale of its Hotel Management business, Mirvac Hotels & Resorts and various associated investments on 16 December 2011.

Development Division
The Group's Development Division conducts residential and commercial development across New South Wales, Victoria, Western Australia and Queensland. For the half year ended 31 December 2011, the Division's statutory loss before tax was $17.7m and operating profit before tax was $7.6m.

Residential
Mirvac's residential product offering includes masterplanned communities and apartments.

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 (Precinct 1), NSW with over 55 per cent of lots pre-sold; and
- The Pinnacle, Rhodes Waterside, NSW with 46.3 per cent of lots pre-sold;

Masterplanned communities
- Middleton Grange, NSW on track to settle 180 lots for FY12; and
- Elizabeth Hills, NSW launch of Stage 1 (93 lots) with 52 contracts exchanged[1].

The Division secured future income with $1,008.1m[2] of residential exchanged pre-sales contracts, a 19.9 per cent increase since the end of December 2010.

For the half year ended 31 December 2011, the Division settled 849 residential lots and remains on track to deliver 1,800 lots in FY12.

State based settlements for the half year ended 31 December 2011 were as follows:

State	Lots
NSW	610
VIC	136
WA	67
QLD	36
Total	**849**

State based settlements by product for the half year ended 31 December 2011 were as follows:

State	Masterplanned communities	Apartments	Total
NSW	404	206	610
VIC	136	–	136
WA	57	10	67
QLD	26	10	36
Total	**623**	**226**	**849**

The Division also restocked the residential pipeline via the acquisition of Googong, NSW (5,774 lots) and Clyde North, VIC (2,107 lots) expected to deliver combined future revenue of $1,338.6m[3].

The momentum of non-core inventory sales continued with the disposal of Magenta Shores in August 2011, and the unconditional exchange secured of The Royal, Newcastle Beach, NSW (Stages 1c and 2).

Commercial
Mirvac's commercial development pipeline covers the office, retail, and industrial sectors totalling $1,429.0m[4], with a stated strategy to sell a part share to aligned third parties and retain the remaining share within the Investment Division's property portfolio.

Key highlights for the half year to 31 December 2011 included:

- achieved sale of 50 per cent of 8 Chifley Square, Sydney, NSW to K-REIT Asia (capitalisation rate of 6.65 per cent), and secured first lease with Corrs Chambers Westgarth for 42 per cent of net lettable area;
- received approval at Old Treasury Building, Perth, WA for 30,000 sqm of prime office space with practical completion in FY15. The development is 100 per cent pre-leased to the Western Australian Government for 25 years;
- progressing Stage 2 development application at 190 George Street, Sydney, NSW with a design excellence competition to select a preferred scheme in early 2012;
- the final building at Nexus Industry Park, Prestons, NSW, achieved practical completion in October 2011 and is 100 per cent pre-leased to HPM Legrand Australia;
- sale of 50 per cent interest in Hoxton Distribution Park, Hoxton Park, NSW, to Aviva Investors for $97.4m (capitalisation rate of 7.5 per cent), with settlement expected in March 2012. Achieved practical completion on both warehouses five months ahead of the original program;
- development application approved for Kawana Shoppingworld, Buddina, QLD for redevelopment, with a new Aldi supermarket and additional speciality stores, expanding the centre by approximately 9,000sqm;
- development application approved for Stage 3 expansion of Stanhope Village, Stanhope Gardens, NSW, for redevelopment works for Kmart mall extension and a new Aldi supermarket. Progressing development application plans for Stanhope Village Stage 4 redevelopment to create additional speciality stores and foodcourt;
- actively seeking lease pre-commitments at 190 George Street, Sydney, NSW; and
- actively seeking lease pre-commitments at 664 Collins Street, Melbourne, VIC, prior to project commencement.

1) Total exchanged pre-sales contracts as at 8 February 2012.
2) Total exchanged pre-sales contracts as at 8 February 2012. Total exchanged pre-sales contracts as at 31 December 2011 of $959.1m, adjusted for Mirvac's share of joint ventures, associates and Mirvac's managed funds.
3) Mirvac's share of forecast total revenue as at 31 December 2011.
4) Mirvac's share of forecast total project cost to complete as at 31 December 2011.

Outlook
The division remains focused and on track towards achieving its 2014 strategy to:

- improve earnings to represent a 20 per cent contribution to the Group result;
- continue to improve key metrics including Return on Invested Capital ("ROIC") (10-12 per cent target) and gross margin (18-22 per cent target);
- finalise the sale of remaining non-core inventories;
- selectively restock the development pipeline to complement existing inventories; and
- continue to maintain strong levels of pre-sales to de-risk future earnings.

MARKET AND GROUP OUTLOOK
Committed resource projects will continue to underpin Australian economic output, with activity biased towards investment in the resource sector. This will result in lower growth in housing investment and consumer spending.

The volatility created by the European debt crisis and the impact on financial markets and global growth have resulted in a softening in demand for white collar employment. Consequently, the demand for office space is likely to ease, particularly in cities with a higher incidence of financial services employment, such as Sydney and Melbourne. However, the low level of office construction should ensure vacancy rates remain low.

The outlook for the retail sector is subdued. Whilst income growth is strong, the labour market has softened and consumers have continued to reduce discretionary spending. The easing in monetary policy will increase spending, with the resource states likely to be the main beneficiaries. Although vacancy rates are expected to remain stable, this is likely to be at the expense of incentives and rental growth.

Both rents and demand were subdued in the industrial sector towards the end of 2011. However, with new supply of industrial property muted, this should lead to moderate rental growth.

Factors underpinning the residential property market vary by state. In New South Wales, housing approvals have increased strongly over the past 18 months and are dominated by medium density dwellings. In spite of this improvement in supply, there remains a significant dwelling shortfall which is reflected in low vacancy rates and rising rental growth. Strong underlying demand for accommodation, in conjunction with a recovery in population growth, is expected to underpin a further improvement in the New South Wales housing market. The bias towards medium density dwellings is expected to continue.

The Queensland residential property market has been adversely affected by the rising Australian dollar, weak economic conditions and a slowing in population growth. Whilst the housing market is expected to remain subdued in the short term, longer term prospects are favourable. Resource related activity, in conjunction with an improvement in population growth, is expected to lead to a recovery in the Queensland residential property market.

The Western Australian residential property market remains muted, as the modest recovery in medium density dwelling construction has been offset by weaker construction of detached houses. Property prices in Perth continue to fall, although the rate of decline is starting to ease. Whilst short term prospects for the residential housing market remain lacklustre, resource related activity is expected to lead to both stronger dwelling demand and prices.

After a period of resilience, the Victorian residential property market has become more subdued as evidenced by slowing volumes and falling prices. With investment biased towards the resource states, the Victorian property market is expected to underperform relative to other main states (New South Wales, Queensland and Western Australia) in the short term.

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 06.

ROUNDING OF AMOUNTS
Mirvac is an entity of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment 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.

Nicholas Collishaw
Director

Sydney
21 February 2012

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Mirvac Limited for the half year ended 31 December 2011, 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
21 February 2012

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	**31 December 2011 $m**	31 December 2010 $m
Revenue from continuing operations			
Investment properties rental revenue	9	**278.1**	267.1
Hotel operating revenue		**–**	–
Investment management fee revenue		**5.7**	8.0
Development and construction revenue		**370.1**	454.9
Development management fee revenue		**12.8**	9.5
Interest revenue		**18.2**	24.2
Dividend and distribution revenue		**1.2**	0.3
Other revenue		**6.4**	7.4
Total revenue from continuing operations		**692.5**	771.4
Other income			
Net gain on fair value of investment properties and owner-occupied hotel management lots and freehold hotels		**71.2**	76.2
Share of net profit of associates and joint ventures accounted for using the equity method	8	**4.7**	–
Gain on financial instruments		**35.7**	34.2
Net gain on sale of investment properties		**1.5**	–
Foreign exchange gain		**–**	73.8
Net gain on sale of investments		**–**	1.5
Total other income		**113.1**	185.7
Total revenue from continuing operations and other income		**805.6**	957.1
Net loss on fair value of IPUC		**10.3**	48.1
Net loss on sale of investments		**0.6**	–
Net loss on sale of investment properties		**–**	0.7
Net loss on sale of property, plant and equipment		**0.3**	–
Foreign exchange loss		**24.4**	–
Investment properties expenses	9	**61.6**	58.1
Hotel operating expenses		**0.4**	0.3
Cost of property development and construction		**322.8**	402.1
Employee benefits expenses		**36.8**	38.6
Depreciation and amortisation expenses		**13.5**	13.0
Impairment of loans		**7.4**	0.6
Finance costs	4	**64.9**	57.2
Loss on financial instruments		**63.6**	97.4
Selling and marketing expenses		**15.1**	10.9
Provision for loss on inventories		**25.0**	215.0
Business combination transaction costs		**0.4**	31.8
Other expenses		**15.3**	22.9
Profit/(loss) from continuing operations before income tax		**143.2**	(39.6)
Income tax benefit		**22.1**	6.4
Profit/(loss) from continuing operations		**165.3**	(33.2)
Profit from discontinued operations		**11.3**	20.8
Profit/(loss) for the half year		**176.6**	(12.4)

As a result of the decision to dispose of the Hotel Management business and various associated investments, the results of these operations have been included under Profit from discontinued operations. The comparative figures have been adjusted. Refer to note 7 for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	31 December 2011 $m	31 December 2010 $m
Profit/(loss) for the half year		**176.6**	(12.4)
Other comprehensive income for the half year			
Increment on revaluation of property, plant and equipment, net of tax		**14.0**	9.5
Exchange differences on translation of foreign operations		**3.3**	(2.2)
Other comprehensive income for the half year, net of tax		**17.3**	7.3
Total comprehensive income for the half year		**193.9**	(5.1)
Profit/(loss) for the half year is attributable to:			
– Stapled securityholders of Mirvac		**176.6**	(12.7)
– Non controlling interest ("NCI")		**–**	0.3
		176.6	(12.4)
Total comprehensive income for the half year is attributable to:			
– Stapled securityholders of Mirvac		**193.9**	(5.4)
– NCI		**–**	0.3
		193.9	(5.1)

Earnings per stapled security for profit/(loss) from continuing operations attributable to the stapled securityholders of Mirvac	Note	**Cents**	Cents
Basic earnings per stapled security	5	**4.85**	(1.00)
Diluted earnings per stapled security	5	**4.84**	(1.00)

Earnings per stapled security for profit/(loss) attributable to the stapled securityholders of Mirvac	Note	**Cents**	Cents
Basic earnings per stapled security	5	**5.18**	(0.38)
Diluted earnings per stapled security	5	**5.17**	(0.38)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	Note	31 December 2011 $m	30 June 2011 $m
Current assets			
Cash and cash equivalents	17	**24.3**	673.1
Receivables		**157.8**	197.3
Derivative financial assets		**–**	0.2
Current tax assets		**0.7**	0.7
Inventories	6	**532.7**	549.5
Other financial assets at fair value through profit or loss		**13.3**	15.5
Other assets		**12.7**	23.4
		741.5	1,459.7
Assets classified as held for sale	7	**435.8**	3.4
Total current assets		**1,177.3**	1,463.1
Non-current assets			
Receivables		**118.8**	125.6
Inventories	6	**1,095.6**	988.6
Investments accounted for using the equity method	8	**231.2**	439.8
Derivative financial assets		**–**	3.3
Other financial assets		**17.2**	–
Investment properties	9	**5,263.4**	5,442.0
Property, plant and equipment		**315.4**	359.3
Intangible assets	10	**65.7**	74.7
Deferred tax assets		**291.7**	241.9
Total non-current assets		**7,399.0**	7,675.2
Total assets		**8,576.3**	9,138.3
Current liabilities			
Payables		**239.6**	469.2
Borrowings	11	**2.7**	583.1
Derivative financial liabilities		**1.0**	1.7
Provisions		**75.8**	83.0
Current tax liability		**0.2**	–
Other liabilities		**2.4**	2.5
		321.7	1,139.5
Liabilities directly associated with assets classified as held for sale	7	**30.7**	–
Total current liabilities		**352.4**	1,139.5
Non-current liabilities			
Payables		**45.3**	5.9
Borrowings	11	**2,239.2**	2,153.2
Derivative financial liabilities		**166.9**	142.1
Deferred tax liabilities		**124.5**	97.2
Provisions		**3.9**	4.7
Total non-current liabilities		**2,579.8**	2,403.1
Total liabilities		**2,932.2**	3,542.6
Net assets		**5,644.1**	5,595.7
Equity			
Contributed equity	12	**6,327.5**	6,327.4
Reserves		**146.6**	125.9
Retained earnings		**(830.0)**	(870.1)
Equity, reserves and retained earnings attributable to the stapled securityholders of Mirvac		**5,644.1**	5,583.2
NCI		**–**	12.5
Total equity		**5,644.1**	5,595.7

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	Attributable to stapled securityholders of Mirvac				
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
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 for the half year, net of tax		–	17.3	–	–	17.3
Total comprehensive income for the half year		**–**	**17.3**	**176.6**	**–**	**193.9**
Security based payment transactions		–	3.4	–	–	3.4
Security based compensation		–	–	0.1	–	0.1
Long term incentives ("LTI") and EIS securities converted, sold, vested or forfeited		0.1	–	–	–	0.1
Deconsolidation of entity		–	–	–	(12.5)	(12.5)
Dividends/distributions provided for or paid	13	–	–	(136.6)	–	(136.6)
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**
Balance 1 July 2010		6,098.8	114.3	(768.7)	11.0	5,455.4
(Loss)/profit for the half year		–	–	(12.7)	0.3	(12.4)
Other comprehensive income for the half year, net of tax		–	7.3	–	–	7.3
Total comprehensive income for the half year		–	7.3	(12.7)	0.3	(5.1)
Security based payment transactions		–	(1.4)	–	–	(1.4)
Security based compensation		2.0	–	0.3	–	2.3
LTI and EIS securities converted, sold, vested or forfeited		2.1	–	–	–	2.1
Contributions of equity, net of transaction costs		204.1	–	–	–	204.1
Dividends/distributions provided for or paid	13	–	–	(136.6)	(0.3)	(136.9)
Total transactions with owners in their capacity as owners		208.2	(1.4)	(136.3)	(0.3)	70.2
Balance 31 December 2010		6,307.0	120.2	(917.7)	11.0	5,520.5

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

	Note	**31 December 2011 $m**	31 December 2010 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**830.7**	904.5
Payments to suppliers and employees (inclusive of goods and services tax)		**(854.5)**	(775.2)
		(23.8)	129.3
Interest received		**17.8**	16.6
Associates and joint ventures dividends/distributions received		**14.8**	7.7
Dividends/distributions received		**1.2**	0.3
Borrowing costs paid		**(104.0)**	(92.9)
Income tax refund		**–**	1.6
Net cash (outflows)/inflows from operating activities	17(b)	**(94.0)**	62.6
Cash flows from investing activities			
Payments for property, plant and equipment		**(3.5)**	(2.7)
Proceeds from sale of property, plant and equipment		**0.1**	0.1
Payments for investment properties		**(44.7)**	(52.9)
Proceeds from sale of investment properties and assets classified as held for sale		**123.2**	119.0
Payments for loans to related entities		**(31.7)**	(0.5)
Proceeds from loans to related entities		**20.3**	–
Payments for loans to unrelated entities		**(1.7)**	(0.5)
Proceeds from loans to unrelated entities		**11.6**	7.7
Contributions to associates and joint ventures		**(2.0)**	(5.5)
Proceeds from associates and joint ventures		**6.0**	52.0
Acquisition of controlled entities, net of cash acquired		**–**	(228.0)
Cash impact of controlled entities leaving the Group		**(3.3)**	–
Proceeds from sale of investments		**23.4**	10.2
Net cash inflows/(outflows) from investing activities		**97.7**	(101.1)
Cash flows from financing activities			
Proceeds from borrowings		**383.4**	1,189.6
Repayments of borrowings		**(872.8)**	(1,008.5)
Dividends/distributions paid as part of business combination		**–**	(8.0)
Dividends/distributions paid		**(143.5)**	(133.8)
Net cash (outflows)/inflows from financing activities		**(632.9)**	39.3
Net (decrease)/increase in cash and cash equivalents		**(629.2)**	0.8
Cash and cash equivalents at the beginning of the half year		**673.1**	582.0
Effects of exchange rate changes on cash and cash equivalents		**0.2**	0.4
Cash and cash equivalents at the end of the half year	17(a)	**44.1**	583.2

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 2011 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 includes 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 2011 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

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012) In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the consolidated statement of comprehensive income or consolidated statement of financial position in the current or future periods. The Group intends to adopt the new standard from 1 July 2012.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013) In July 2011, the AASB decided to remove the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act 2001* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) and Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 Financial Instruments: Disclosures) (effective 1 January 2014 and 1 January 2013 respectively) In December 2011, the IASB made amendments to the application guidance in IAS 32 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the consolidated statement of financial position. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the IASB has also introduced more extensive disclosure requirements into IFRS 7 which will apply from 1 January 2013. The AASB is expected to make equivalent changes to AASB 132 *Financial Instruments: Presentation* and AASB 7 *Financial Instruments: Disclosures* shortly. When they become applicable, the Group will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Group intends to apply the new rules for the first time from 1 July 2013.

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.

b) Non-current assets (or disposal groups) classified as held for sale

On 16 December 2011, the Group announced that it had entered into contracts for the sale of its Hotel Management business and various associated investments following a strategic review of this business. These assets form a disposal group and are accounted for as discontinued operations.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount, and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment properties that are carried at fair value. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A disposal group is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of a disposal group are shown as discontinued operations and are presented separately in the consolidated statement of comprehensive income. The comparatives in the consolidated statement of comprehensive income are restated to include the profit or loss of the disposal group in discontinued operations.

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 bionomial 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 consolidated statement of financial position but may impact the security based payment expense taken to profit or loss and equity.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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 period:

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 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 $25.0m (December 2010: $215.0m) in relation to inventories that were carried in excess of the NRV.

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 2011: $69.4m). There was no impairment loss recognised during the half year (December 2010: $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 at the end of the reporting period of investments not traded in an active market determined using the above techniques and assumptions was $13.3m (June 2011: $15.5m) and was 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 was $5,263.4m (June 2011: $5,442.0m) and owner-occupied properties $304.4m (June 2011: $278.3m).

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 $10.3m during the period (December 2010: $48.1m). The carrying value of $33.0m (June 2011: $108.0m) at the end of the reporting period was 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 bionomial 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 four reportable segments, as the two business units; Investment Management (including MAM) and Hotels, do not meet the requirements for aggregation and therefore have not be included within Investments:

i) Investment

The Division is made up solely of MPT 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 and Mirvac Wholesale Hotel Fund.

ii) Hotel Management

Hotel Management is responsible for management of hotels across Australia and New Zealand.

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 adjustment 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 period 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 New Zealand, the United States of America and the United Kingdom. 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.

h) Disposal group and discontinued operations

The segment note presents the results of the Group in a format consistent with that of both previous periods and management reporting. An additional column has been presented which details the impact of the reallocation of the results of the disposal group to discontinued operations. Refer to note 7 for more 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	**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 and owner-occupied hotel management lots and freehold hotels	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**	(6.5)	**4.7**
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**	(6.5)	**113.1**
Total revenue from continuing operations and other income	400.7	87.6	22.0	391.4	38.9	(38.1)	**902.5**	(96.9)	**805.6**
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**	(12.7)	**143.2**
Income tax benefit							**20.7**	1.4	**22.1**
Profit from continuing operations							**176.6**	(11.3)	**165.3**
Profit from discontinued operations							**–**	11.3	**11.3**
Profit attributable to the stapled securityholders of Mirvac							**176.6**	–	**176.6**

1) Reclassification of the results of the assets that form part of the disposal 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	**Total $m**
Profit/(loss) 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 and owner-occupied hotel management lots and freehold hotels	(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, hotels and hotel management lots (including hotel property, plant and equipment)	–	1.0	–	0.3	–	3.3	–	**4.6**
Straight-lining of lease revenue	(6.9)	–	–	–	–	–	–	**(6.9)**
Amortisation of lease fitout incentives	6.2	–	–	–	–	(1.0)	–	**5.2**
Net loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates	8.2	–	0.8	–	–	–	–	**9.0**
Significant items								
Impairment of loans	–	–	–	–	6.5	–	–	**6.5**
Net (gain)/loss on sale of non-aligned assets	(1.0)	–	0.6	–	–	–	–	**(0.4)**
Provision for loss on inventories	–	–	–	25.0	–	–	–	**25.0**
Business combination transaction costs	–	–	–	–	6.0	–	–	**6.0**
Tax effect								
Tax effect of non-cash items and significant items	–	–	–	–	–	–	(19.0)	**(19.0)**
Operating profit/(loss) (profit before specific non-cash items and significant items)	**207.9**	**9.5**	**(1.3)**	**7.6**	**(25.4)**	**1.5**	**1.7**	**201.5**

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2010	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	266.4	–	2.3	–	–	(1.6)	267.1	–	267.1
Hotel operating revenue	–	83.1	–	–	–	–	83.1	(83.1)	–
Investment management fee revenue	–	–	10.7	–	–	(0.9)	9.8	(1.8)	8.0
Development and construction revenue	–	–	–	453.7	–	1.2	454.9	–	454.9
Development management fee revenue	–	–	–	9.3	–	0.7	10.0	(0.5)	9.5
Interest revenue	13.4	0.1	2.6	3.6	4.8	(0.2)	24.3	(0.1)	24.2
Dividend and distribution revenue	0.5	–	–	–	–	(0.2)	0.3	–	0.3
Other revenue	–	0.3	1.9	4.5	1.0	–	7.7	(0.3)	7.4
Inter-segment sales	25.2	–	8.5	17.7	0.3	(51.7)	–	–	–
Total revenue from continuing operations	305.5	83.5	26.0	488.8	6.1	(52.7)	857.2	(85.8)	771.4
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	15.3	–	0.1	0.3	0.2	(0.4)	15.5	(15.5)	–
Net gain/(loss) on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	83.0	(0.1)	–	–	–	(6.8)	76.1	0.1	76.2
Gain on financial instruments	11.9	–	–	–	22.3	–	34.2	–	34.2
Foreign exchange gain/(loss)	2.8	(0.2)	–	–	71.0	–	73.6	0.2	73.8
Net gain/(loss) on sale of investments	–	–	3.1	–	(1.6)	–	1.5	–	1.5
Total other income	113.0	(0.3)	3.2	0.3	91.9	(7.2)	200.9	(15.2)	185.7
Total revenue from continuing operations and other income	418.5	83.2	29.2	489.1	98.0	(59.9)	1,058.1	(101.0)	957.1
Net loss on fair value of IPUC	48.1	–	–	–	–	–	48.1	–	48.1
Net loss on sale of investment properties	0.7	–	–	–	–	–	0.7	–	0.7
Net loss on sale of property, plant and equipment	–	0.7	–	–	–	–	0.7	(0.7)	–
Investment properties expenses	62.5	–	1.6	–	–	(6.0)	58.1	–	58.1
Hotel operating expenses	–	26.3	–	0.3	–	(1.0)	25.6	(25.3)	0.3
Cost of property development and construction	–	–	–	419.0	–	(16.9)	402.1	–	402.1
Employee benefits expenses	–	40.0	10.3	8.9	19.3	0.7	79.2	(40.6)	38.6
Depreciation and amortisation expenses	8.6	2.4	0.1	1.5	1.0	2.1	15.7	(2.7)	13.0
Impairment of loans	–	–	0.6	–	–	–	0.6	–	0.6
Finance costs	42.7	–	8.6	25.6	5.8	(25.5)	57.2	–	57.2
Loss on financial instruments	–	–	–	–	97.4	–	97.4	–	97.4
Selling and marketing expenses	–	5.2	0.3	10.6	–	–	16.1	(5.2)	10.9
Provision for loss on inventories	–	–	–	215.0	–	–	215.0	–	215.0
Business combination transaction costs	16.8	–	–	–	15.0	–	31.8	–	31.8
Other expenses	4.4	3.8	6.0	7.6	12.2	(7.4)	26.6	(3.7)	22.9
Profit/(loss) from continuing operations before income tax	234.7	4.8	1.7	(199.4)	(52.7)	(5.9)	(16.8)	(22.8)	(39.6)
Income tax benefit							4.4	2.0	6.4
Profit/(loss) from continuing operations							(12.4)	(20.8)	(33.2)
Profit from discontinued operations							–	20.8	20.8
Profit attributable to NCI							(0.3)	–	(0.3)
Loss attributable to the stapled securityholders of Mirvac							(12.7)	–	(12.7)

1) Reclassification of the results of the assets that form part of the disposal group. Refer to note 7 for further information.

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2010	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Tax $m	Total $m
Profit/(loss) for the half year after tax before NCI	234.7	4.8	1.7	(199.4)	(52.7)	(5.9)	4.4	(12.4)
Less: Profit attributable to the NCI	–	–	–	–	–	(0.3)	–	(0.3)
Profit/(loss) attributable to the stapled securityholders of Mirvac	234.7	4.8	1.7	(199.4)	(52.7)	(6.2)	4.4	(12.7)
Specific non-cash items								
Net (gain)/loss from fair value of investment properties and owner-occupied hotel management lots and freehold hotels	(83.0)	0.1	–	–	–	6.8	–	(76.1)
Net loss on fair value of IPUC	48.1	–	–	–	–	–	–	48.1
Net (gain)/loss on fair value of derivative financial instruments and associated foreign exchange movements	(14.7)	0.2	–	–	4.1	–	–	(10.4)
Security based payment fitout expense	–	–	–	–	2.7	–	–	2.7
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	–	0.8	–	0.3	–	2.9	–	4.0
Straight-lining of lease revenue	(7.6)	–	–	–	–	–	–	(7.6)
Amortisation of lease fitout incentives	6.2	–	–	–	–	(0.9)	–	5.3
Net (gain)/loss from fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates	(1.5)	–	0.7	(0.1)	(0.1)	–	–	(1.0)
Significant items								
Provision for loss on inventories	–	–	–	215.0	–	–	–	215.0
Business combination transaction costs	16.8	–	–	–	15.0	–	–	31.8
Tax effect								
Tax effect of specific non-cash items and significant items	–	–	–	–	–	–	1.0	1.0
Operating profit/(loss) (profit before specific non-cash items and significant items)	199.0	5.9	2.4	15.8	(31.0)	2.6	5.4	200.1

	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Total inc. disposal group $m	Disposal group/ discontinued operations[1] $m	**Consolidated SoFP/SoCI $m**
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**
Investments in associates and joint ventures	265.2	–	11.5	240.0	2.5	(32.7)	486.5	(255.3)	**231.2**
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**
31 December 2010									
Total assets	7,057.8	157.7	85.2	1,970.9	165.9	(620.5)	8,817.0	–	8,817.0
Total liabilities	1,535.3	27.7	10.2	211.7	2,071.7	(560.1)	3,296.5	–	3,296.5
Investments in associates and joint ventures	213.2	–	15.4	223.6	2.1	(42.3)	412.0	–	412.0
Acquisitions of investments and property, plant and equipment	1,218.1	1.7	0.8	0.9	0.4	–	1,221.9	–	1,221.9
Depreciation and amortisation expenses	8.6	2.4	0.1	1.5	1.0	2.1	15.7	(2.7)	13.0

1) Reclassification of the assets and liabilities that form part of the disposal group are reclassified for the current reporting period to assets held for sale. For the comparative period only items included in the consolidated statement of comprehensive income are restated. Refer to note 7 for further information.

4 FINANCE COSTS

	31 December 2011 $m	31 December 2010 $m
Interest and finance charges paid/payable net of provision release	**90.6**	79.7
Amount capitalised	**(46.0)**	(45.6)
Interest capitalised in current and prior periods expensed this period net of provision release	**18.6**	22.3
Borrowing costs amortised	**1.7**	0.8
	64.9	57.2

5 EARNINGS PER STAPLED SECURITY

	31 December 2011 Cents	31 December 2010 Cents
Earnings per stapled security		
Basic earnings per stapled security		
From continuing operations	**4.85**	(1.00)
From discontinued operations [1]	**0.33**	0.62
Total basic earnings per stapled security attributable to the stapled securityholders of Mirvac	**5.18**	(0.38)
Diluted earnings per stapled security [2]		
From continuing operations	**4.84**	(1.00)
From discontinued operations [1]	**0.33**	0.62
Total diluted earnings per stapled security attributable to the stapled securityholders of Mirvac	**5.17**	(0.38)
	$m	$m
Basic and diluted earnings per stapled security		
Profit/(loss) attributable to the stapled securityholders of Mirvac used in calculating earnings per security	**176.6**	(12.7)
Weighted average number of securities used as denominator [2]	**Number m**	Number m
Weighted average number of securities used in calculating basic earnings per security	**3,409.3**	3,376.6
Adjustment for calculation of diluted earnings per security		
Securities issued under EIS	**7.6**	11.5
Weighted average number of securities used in calculating diluted earnings per security	**3,416.9**	3,388.1

1) Includes the results of the discontinued operations. Refer to note 7 for further information.
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 2011 $m	30 June 2011 $m
Current [1]		
Development projects		
Cost of acquisition	**263.0**	346.4
Development costs	**311.6**	331.2
Borrowing costs capitalised during development	**77.8**	85.3
Provision for loss	**(121.9)**	(216.2)
	530.5	546.7
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**74.8**	83.0
Borrowing costs capitalised during construction	**2.1**	–
Progress billings	**(74.8)**	(81.4)
	2.1	1.6
Hotel inventories	**0.1**	1.2
Total current inventories	**532.7**	549.5
Non-current [1]		
Development projects		
Cost of acquisition	**737.7**	700.2
Development costs	**365.1**	295.1
Borrowing costs capitalised during development	**141.7**	135.5
Provision for loss	**(149.0)**	(142.2)
	1,095.5	988.6
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**0.1**	–
Borrowing costs capitalised during construction	**–**	–
Progress billings	**–**	–
	0.1	–
Total non-current inventories	**1,095.6**	988.6
Aggregate carrying amount of inventories		
Current	**532.7**	549.5
Non-current	**1,095.6**	988.6
Total inventories	**1,628.3**	1,538.1

1) Lower of cost and NRV.

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

a) Discontinued operations

On 16 December 2011, the Group announced that it had entered into contracts for the sale of its Hotel Management business and various associated investments following a strategic review of this business. The Group's 50 per cent interest in Tucker Box Holdings Pty Limited is not part of this contract for sale; however, due to the current intention to ultimately dispose of this investment, it has been included as part of the disposal group and disclosed as part of discontinued operations.

b) Assets classified as held for sale

	Note	**31 December 2011 $m**	30 June 2011 $m
Disposal group held for sale (discontinued operations)			
Cash and cash equivalents	17	**19.8**	–
Receivables		**24.3**	–
Current tax assets		**0.1**	–
Inventories		**14.1**	–
Investments accounted for using the equity method		**255.3**	–
Property, plant and equipment		**104.4**	–
Intangible assets	10	**9.0**	–
Deferred tax assets		**3.6**	–
Other assets		**1.8**	–
		432.4	–
Non-current assets held for sale			
Investment properties	9	**3.4**	3.4
		3.4	3.4

c) Liabilities directly associated with assets classified as held for sale

	31 December 2011 $m	30 June 2011 $m
Disposal group held for sale (discontinued operations)		
Payables	**23.2**	–
Deferred tax liabilities	**5.6**	–
Provisions	**1.9**	–
	30.7	–

d) Financial performance and cash flow information

The financial performance and cash flow information for the discontinued operations for the six months ended 31 December 2011 and 31 December 2010 was as follows:

	31 December 2011 $m	31 December 2010 $m
Revenue and other income	**96.9**	101.0
Expenses	**84.2**	78.2
Profit before income tax	**12.7**	22.8
Income tax expense	**(1.4)**	(2.0)
Profit from discontinued operations	**11.3**	20.8

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

d) Financial performance and cash flow information (continued)

	31 December 2011 $m	31 December 2010 $m
Profit/(loss) attributable to the stapled securityholders of Mirvac from:		
Continuing operations	**165.3**	(33.5)
Discontinued operations	**11.3**	20.8
	176.6	(12.7)
Cash flows from discontinued operations		
Net cash inflows from operating activities	**27.6**	4.5
Net cash outflows from investing activities	**(23.8)**	(6.6)
Net cash inflows from financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents from discontinued operations	**3.8**	(2.1)

i) Details of the sale

Settlement of the disposal has not yet occurred. This is expected to occur prior to 30 June 2012. The total proceeds upon completion of the transaction are up to $327.0m excluding Tucker Box Holdings Pty Limited.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	**31 December 2011 $m**	30 June 2011 $m
Consolidated statement of financial position			
Investments accounted for using the equity method			
Investments in associates	14	**10.7**	128.6
Investments in joint ventures	15	**220.5**	311.2
		231.2	439.8

	31 December 2011 $m	31 December 2010 $m
Consolidated statement of comprehensive income		
Share of net profit of associates and joint ventures accounted for using the equity method		
Investments in associates	**0.6**	–
Investments in joint ventures	**4.1**	–
	4.7	–

9 INVESTMENT PROPERTIES

	Date of acquisition	Book value **31 Dec 2011 $m**	Book value 30 Jun 2011 $m	Capitalisation rate **31 Dec 2011 %**	Capitalisation rate 30 Jun 2011 %	Discount rate **31 Dec 2011 %**	Discount rate 30 Jun 2011 %	Date of last external valuation	Last external valuation $m
MPT and its controlled entities									
1 Castlereagh Street, Sydney NSW	December 1998	**71.7**	72.8	**7.50**	7.50	**9.50**	9.50	June 2010	68.0
1 Darling Island, Pyrmont NSW	April 2004	**175.0**	175.0	**7.00**	7.00	**9.25**	9.25	December 2010	175.0
1 Hugh Cairns Avenue, Bedford Park SA [1]	August 2010	**17.9**	17.8	**9.50**	9.50	**10.00**	10.00	June 2011	17.8
1 Woolworths Way, NSO, Bella Vista NSW [1]	August 2010	**250.7**	250.0	**7.75**	7.75	**9.25**	9.25	June 2011	250.0
10 Julius Avenue, North Ryde NSW [1]	December 2009	**53.7**	53.1	**8.50**	8.50	**9.25**	9.25	June 2011	53.1
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	June 1994	**248.8**	242.0	**6.75-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.25	December 2010	238.5
10-20 Bond Street, Sydney NSW (50% interest) [1]	December 2009	**161.5**	124.5	**6.88**	7.50	**9.00**	9.50	December 2011	162.0
12 Julius Avenue, North Ryde NSW [1]	December 2009	**23.8**	23.4	**8.50**	8.50	**9.25**	9.25	June 2011	23.4
1-47 Percival Road, Smithfield NSW	November 2002	**28.3**	28.1	**8.25**	8.25	**9.75**	9.75	December 2011	28.3
189 Grey Street, Southbank QLD	April 2004	**73.0**	72.5	**7.63**	7.75	**9.25**	9.25	December 2011	73.0
19 Corporate Drive, Cannon Hill QLD [1]	August 2010	**24.1**	24.0	**8.75**	8.75	**9.75**	9.75	June 2011	24.0
190 George Street, Sydney NSW	August 2003	**40.0**	35.5	**8.00**	8.75	**9.50**	9.50	December 2011	40.0
1900-2060 Pratt Boulevard, Chicago Illinois USA	December 2007	**28.1**	28.9	**7.50**	8.00	**9.25**	9.75	December 2011	28.1
191-197 Salmon Street, Port Melbourne VIC	July 2003	**102.5**	102.3	**7.75**	7.75	**9.50**	9.25	June 2010	100.0
200 George Street, Sydney NSW	October 2001	**27.5**	26.2	**8.00**	8.25	**9.50**	9.50	December 2011	27.5
271 Lane Cove Road, North Ryde NSW	April 2000	**33.4**	32.5	**8.00**	8.00	**9.50**	9.50	June 2010	33.0
275 Kent Street, Sydney NSW [1]	August 2010	**766.0**	750.0	**6.75**	6.75	**8.75**	8.75	December 2010	745.0
3 Rider Boulevard, Rhodes NSW [1]	December 2009	**79.8**	76.4	**8.00**	8.00	**9.25**	9.25	June 2011	76.4
32 Sargents Road, Minchinbury NSW [1,2]	December 2009	**23.5**	23.5	**8.75**	8.75	**9.50**	9.50	June 2011	23.5
33 Corporate Drive, Cannon Hill QLD [1]	August 2010	**16.5**	16.5	**9.00**	9.00	**9.75**	9.75	June 2011	16.5
340 Adelaide Street, Brisbane QLD [1,9]	December 2009	**–**	57.0	**–**	9.00	**–**	10.00	December 2010	56.0
38 Sydney Avenue, Forrest ACT	June 1996	**35.0**	35.1	**8.50**	8.50	**9.50**	9.50	December 2010	35.0
40 Miller Street, North Sydney NSW	March 1998	**101.2**	98.0	**7.25**	7.25	**9.25**	9.25	June 2010	93.5
47-67 Westgate Drive, Altona North VIC [1,2]	December 2009	**19.1**	19.1	**9.50**	9.75	**9.75**	10.00	December 2011	19.1
5 Rider Boulevard, Rhodes NSW [7]	January 2007	**122.0**	–	**7.63**	–	**9.13**	–	March 2011	117.6
52 Huntingwood Drive, Huntingwood NSW [1,2]	December 2009	**22.0**	22.0	**8.50**	8.50	**9.75**	9.75	June 2011	22.0
54 Marcus Clarke Street, Canberra ACT	October 1987	**16.4**	16.1	**9.50**	9.50	**9.75**	9.75	December 2010	15.8
54-60 Talavera Road, North Ryde NSW [1]	August 2010	**45.7**	45.5	**7.50**	7.50	**9.50**	9.50	December 2010	45.0
55 Coonara Avenue, West Pennant Hills NSW [1]	August 2010	**103.0**	102.6	**8.50**	8.50	**9.50**	9.50	December 2010	99.0
60 Marcus Clarke Street, Canberra ACT	September 1989	**49.1**	49.0	**8.75**	8.75	**9.50**	9.50	June 2011	49.0
64 Biloela Street, Villawood NSW [2]	February 2004	**19.1**	19.1	**10.50**	10.50	**10.75**	10.75	June 2011	19.1
Aviation House, 16 Furzer Street, Phillip ACT	July 2007	**70.3**	69.8	**7.50**	7.50	**9.25**	9.25	June 2010	67.0
Ballina Central, Ballina NSW [3]	December 2004	**–**	28.0	**–**	8.75	**–**	9.50	June 2011	28.0
Bay Centre, Pirrama Road, Pyrmont NSW	June 2001	**103.5**	111.0	**7.65**	7.50	**9.25**	9.25	December 2011	103.5
Broadway Shopping Centre, Broadway NSW (50% interest)	January 2007	**231.5**	227.5	**6.25**	6.25	**9.00**	9.00	June 2010	221.5
Cherrybrook Village Shopping Centre, Cherrybrook NSW [1]	December 2009	**79.0**	78.5	**7.50**	7.50	**9.50**	9.50	June 2011	78.5
City Centre Plaza, Rockhampton QLD [1]	December 2009	**48.2**	48.0	**8.00**	8.00	**9.75**	9.75	June 2011	48.0
Como Centre, Cnr Toorak & Chapel Streets, South Yarra VIC [4]	August 1998	**127.2**	125.0	**7.75-8.75**	8.00-8.75	**9.25-9.75**	9.30-10.00	June 2011	125.0
Cooleman Court, Weston ACT [1]	December 2009	**46.0**	43.0	**7.75**	7.75	**9.50**	9.50	December 2011	46.0
Gippsland Centre, Sale VIC	January 1994	**49.1**	50.3	**8.25**	8.25	**9.50**	9.50	December 2011	49.1
Hinkler Central, Bundaberg QLD	August 2003	**91.0**	89.5	**7.75**	7.75	**9.50**	9.50	March 2011	89.5
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**53.3**	52.5	**9.00**	9.00	**10.00**	10.00	March 2011	52.5
Kawana Shoppingworld, Buddina QLD	December 1993 (50%) June 1998 (50%)	**209.7**	203.7	**6.75**	6.75	**9.25**	9.25	December 2011	209.7
Logan Megacentre, Logan, QLD	October 2005	**60.0**	60.5	**9.25**	9.25	**10.25**	10.25	December 2010	61.5

9 INVESTMENT PROPERTIES (CONTINUED)

		Book value		Capitalisation rate		Discount rate			Last
	Date of acquisition	**31 Dec 2011 $m**	30 Jun 2011 $m	**31 Dec 2011 %**	30 Jun 2011 %	**31 Dec 2011 %**	30 Jun 2011 %	Date of last external valuation	external valuation $m
MPT and its controlled entities (continued)									
Moonee Ponds Central (Stage II), Moonee Ponds VIC	February 2008	**40.3**	40.0	**8.50**	8.50	**9.75**	9.75	June 2010	39.0
Moonee Ponds Central, Moonee Ponds VIC	May 2003	**25.0**	24.0	**7.75**	7.75	**9.50**	9.50	June 2010	22.8
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	August 2004	**18.1**	17.9	**8.25**	8.25	**9.50**	9.50	June 2011	17.9
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	August 2004	**12.5**	12.3	**8.50**	8.50	**9.75**	9.75	March 2011	12.3
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	August 2004	**23.6**	23.5	**8.25**	8.25	**9.50**	9.50	June 2011	23.5
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW [5]	August 2004	**31.4**	–	**8.25**	–	**9.50**	–	–	–
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	August 2004	**14.3**	14.8	**8.50**	8.50	**9.75**	9.75	December 2010	14.8
Orange City Centre, Orange NSW	April 1993	**49.0**	49.5	**8.50**	8.25	**10.00**	9.25	December 2011	49.0
Orion Springfield Town Centre, Springfield QLD	August 2002	**129.0**	130.0	**6.75**	6.75	**9.25**	9.25	December 2010	136.0
Peninsula Lifestyle, Mornington VIC [3]	December 2003	**–**	44.0	**–**	9.75	**–**	10.25	December 2010	45.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	November 1989	**29.3**	29.2	**8.50**	8.50	**10.00**	10.00	June 2011	29.2
Rhodes Shopping Centre, Rhodes NSW (50% interest)	January 2007	**111.5**	110.0	**7.00**	7.00	**9.25**	9.25	June 2011	110.0
Riverside Quay, Southbank VIC	April 2002 & July 2003	**176.0**	170.0	**7.75-8.00**	7.75-8.25	**9.25-10.00**	9.25-10.25	December 2011	176.0
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	October 1995 (50%) April 2001 (50%)	**106.9**	107.0	**8.00**	8.00	**9.00**	9.25	June 2011	107.0
Sirius Building, 23 Furzer Street, Phillip ACT	February 2010	**236.5**	234.9	**7.25**	7.25	**9.25**	9.25	June 2010	225.0
St Marys Village Centre, St Marys NSW	January 2003	**43.0**	43.0	**7.75**	7.75	**9.50**	9.50	December 2010	43.0
Stanhope Village, Stanhope Gardens NSW	November 2003	**70.5**	66.0	**7.50**	7.75	**9.25**	9.25	December 2011	70.5
Taree City Centre, Taree NSW [1,3]	December 2009	**–**	53.0	**–**	8.13	**–**	9.50	June 2011	53.0
Waverley Gardens Shopping Centre, Mulgrave VIC	November 2002	**131.5**	128.0	**7.75**	7.75	**9.50**	9.25	December 2011	131.5
Mirvac Limited and its controlled entities									
Forestry Land [6]	March 2004	**–**	58.7	**–**	–	**–**	–	–	–
5 Rider Boulevard, Rhodes NSW [7]	January 2007	**–**	117.6	**–**	7.63	**–**	9.13	–	–
Manning Mall, Taree NSW	December 2006	**34.8**	34.8	**8.50**	8.50	**9.50**	9.50	December 2011	34.8
Total investment properties		**5,230.4**	5,334.0						
IPUC									
4 Dalley Street & Laneway, Sydney NSW	March 2004	**–**	2.3	**6.63**	6.75	**9.00**	9.25	December 2011	–
8 Chifley Square, Sydney NSW [1,8]	October 2009	**–**	49.0	**–**	6.50	**–**	9.25	December 2010	36.5
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW [5]	August 2004	**–**	23.7	**–**	7.88	**–**	9.50	December 2010	9.0
Orion Springfield Land, Springfield QLD	August 2002	**33.0**	33.0	**6.50-9.25**	6.50-9.25	**9.25-10.75**	9.25-10.75	December 2010	33.0
Total IPUC		**33.0**	108.0						
Total investment properties and IPUC		**5,263.4**	5,442.0						

1) Date of acquisition represents business combination acquisition date.
2) Investment property subject to conditional agreement for sale as at 31 December 2011.
3) Investment property disposed of during the half year.
4) External valuation is based on the Como Centre excluding the hotel. The Group's book value of the Como Centre excludes the hotel, as the hotel is classified as property, plant and equipment.
5) IPUC completed during the half year and held as investment property.
6) Deconsolidated during the half year.
7) Investment property held by Mirvac Limited sold to MPT during the half year.
8) 50 per cent of entity holding IPUC sold during the half year and reclassified to joint ventures.
9) Transfer of owner-occupied property to property, plant and equipment.

9 INVESTMENT PROPERTIES (CONTINUED)

a) Reconciliation of carrying amounts of investment properties

At fair value	**31 December 2011 $m**	30 June 2011 $m
Balance 1 July	**5,442.0**	4,226.5
Additions	**60.4**	150.0
Additions resulting from business combination	**–**	1,152.7
Net gain on fair value	**60.9**	52.9
Net gain/(loss) from foreign currency translation	**1.7**	(6.6)
Assets reclassified as held for sale or disposal	**(125.2)**	(111.4)
Sale of asset and transfer to equity accounted investments	**(49.0)**	–
Transfer of owner-occupied property to property, plant and equipment	**(57.4)**	–
Deconsolidation of controlled entities	**(58.7)**	–
Amortisation of lease fitout incentives, leasing costs and rent incentive	**(11.3)**	(22.1)
Balance 31 December/30 June	**5,263.4**	5,442.0

b) Amounts recognised in profit or loss for investment properties

	31 December 2011 $m	31 December 2010 $m
Investment properties rental revenue	**278.1**	267.1
Investment properties expenses	**(61.6)**	(58.1)
	216.5	209.0

c) Valuation basis

i) Investment properties

Investment properties are carried at fair value. Valuation methods used to determine the fair value include market sales comparison, DCF and capitalisation rate ("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 CR are in the range of an additional nil to 75 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 was made up as follows:

	Note	**31 December 2011 $m**	30 June 2011 $m
Investment properties per consolidated statement of financial position		**5,263.4**	5,442.0
Properties classified as assets held for sale	7	**3.4**	3.4
Owner-occupied hotel management lots classified as property, plant and equipment		**–**	58.3
Owner-occupied freehold hotels classified as property, plant and equipment		**25.0**	60.3
Owner-occupied administration properties classified as property, plant and equipment		**279.4**	218.0
		5,571.2	5,782.0

10 INTANGIBLE ASSETS

	Note	Management rights $m	Goodwill $m	Other intangible assets $m	**Total $m**
Balance 1 July 2011		3.2	69.4	2.1	**74.7**
Transfer to assets classified as held for sale	7	(0.6)	(6.3)	(2.1)	**(9.0)**
Balance 31 December 2011		**2.6**	**63.1**	**–**	**65.7**
Balance 1 July 2010		10.5	44.4	–	54.9
Acquisition of controlled entities		–	26.7	–	26.7
Acquisition of brands		–	–	2.1	2.1
Disposal of controlled entities		(7.3)	(1.7)	–	(9.0)
Balance 30 June 2011		3.2	69.4	2.1	74.7

a) Allocation of intangible assets by operating segment

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

	Investment $m	Hotel Management $m	Investment Management $m	**Total $m**
Management rights — indefinite life [1]	–	–	2.6	**2.6**
Goodwill	63.1	–	–	**63.1**
Balance 31 December 2011	**63.1**	**–**	**2.6**	**65.7**
Management rights — indefinite life [1]	–	–	3.2	3.2
Goodwill	63.1	6.3	–	69.4
Other intangible assets	–	2.1	–	2.1
Balance 30 June 2011	63.1	8.4	3.2	74.7

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 interests.

10 INTANGIBLE ASSETS (CONTINUED)

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

The recoverable amount of a CGU is determined using the higher of fair value less costs to sell, and its value in use. The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. For the Hotel Management and 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 pre-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 2011 % pa**	**Discount rate 31 December 2011 % pa**	Growth rate[1] 30 June 2011 % pa	Discount rate 30 June 2011 % pa
Investment	**–**[2]	**10**	–[2]	10
Hotel Management	**3**	**13**	3	13
Investment Management	**1**	**13**	1	13

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 2011. 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.

c) Impairment of goodwill

There was no impairment of goodwill recognised during the half year (December 2010: $nil).

d) Impairment of intangible assets

There was no impairment of management rights or brands recognised during the half year (December 2010: $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 2011 $m**	30 June 2011 $m
Current			
Unsecured			
Bank loans	11(a)(i)	**–**	47.5
Secured			
Bank loans	11(a)(iii)	**–**	28.0
CMBS	11(a)(iv)	**–**	505.0
Lease liabilities	11(a)(v)	**2.7**	2.6
		2.7	583.1
Non-current			
Unsecured			
Bank loans	11(a)(i)	**1,427.3**	1,359.9
Domestic MTN	11(a)(ii)	**425.0**	425.0
Foreign MTN	11(a)(vi)	**379.2**	359.2
Secured			
Lease liabilities	11(a)(v)	**7.7**	9.1
		2,239.2	2,153.2

11 BORROWINGS (CONTINUED)

a) Borrowings

i) Unsecured bank loans

Mirvac has unsecured bank facilities totalling $1,880.0m (June 2011: $1,927.5m). Mirvac has two syndicated facilities; the first contains one tranche: $140.0m tranche maturing in January 2013. The second facility contains three tranches: a $530.0m tranche maturing in January 2014, 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 2011: $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 $425.0m (June 2011: $425.0m) of domestic MTN outstanding: $200.0m maturing in March 2015 and $225.0m maturing in September 2016. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

iii) Secured bank loans

No controlled entities have secured bank facilities (June 2011: $28.0m).

iv) CMBS

Commercial mortgage backed securities of $505.0m (June 2011: $505.0m) acquired as part of the acquisition of WOP were repaid during the half year from cash on hand.

v) Lease liabilities

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

vi) 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 A$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.

b) Financing arrangements

	31 December 2011 $m	30 June 2011 $m
Total facilities		
Unsecured bank loans	**1,880.0**	1,927.5
Domestic MTN	**425.0**	425.0
Secured bank loans	**–**	28.0
CMBS	**–**	505.0
Foreign MTN	**379.2**	359.2
	2,684.2	3,244.7
Used at end of the reporting period		
Unsecured bank loans	**1,427.3**	1,407.4
Domestic MTN	**425.0**	425.0
Secured bank loans	**–**	28.0
CMBS	**–**	505.0
Foreign MTN	**379.2**	359.2
	2,231.5	2,724.6
Unused at end of the reporting period		
Unsecured bank loans	**452.7**	520.1
Domestic MTN	**–**	–
Secured bank loans	**–**	–
CMBS	**–**	–
Foreign MTN	**–**	–
	452.7	520.1

12 CONTRIBUTED EQUITY

a) Paid up equity

	31 December 2011 Securities m	30 June 2011 Securities m	31 December 2011 $m	30 June 2011 $m
Mirvac Limited — ordinary shares issued	**3,409.4**	3,409.3	**1,248.1**	1,248.1
MPT — ordinary units issued	**3,409.4**	3,409.3	**5,079.4**	5,079.3
Total contributed equity			**6,327.5**	6,327.4

b) Movements in paid up equity

Movements in paid up equity of Mirvac for the half year ended 31 December 2011 were as follows:

	Issue date	Issue price $	m	Securities $m
Balance 1 July 2011			**3,409.3**	**6,327.4**
LTI and EIS securities converted, sold, vested or forfeited	20 December 2011	1.27	**0.1**	**0.1**
Balance 31 December 2011			**3,409.4**	**6,327.5**

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 2011 Securities m	30 June 2011 Securities m
Total ordinary securities disclosed	**3,409.4**	3,409.3
Securities issued under LTI plan and EIS	**7.6**	7.6
Total securities issued on the ASX	**3,417.0**	3,416.9

13 DIVIDENDS/DISTRIBUTIONS

Ordinary stapled securities	31 December 2011 $m	31 December 2010 $m
Quarterly ordinary distributions paid as follows:		
2.00 cents per stapled security paid on 28 October 2011 (unfranked distribution)	**68.3**	–
2.00 cents per stapled security paid on 29 October 2010 (unfranked distribution)	**–**	68.3
2.00 cents per stapled security paid on 27 January 2012 (unfranked distribution)	**68.3**	–
2.00 cents per stapled security paid on 28 January 2011 (unfranked distribution)	**–**	68.3
Total dividend/distribution 4.00 cents (December 2010: 4.00 cents) per stapled security	**136.6**	136.6

There was no dividend/distribution reinvestment plan in place for either half year. All dividends/distributions were satisfied in cash.

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:

Name of entity	Principal activities	Interest **31 December 2011 %**	Interest 30 June 2011 %	**31 December 2011 $m**	30 June 2011 $m
Archbold Road Trust	Non-residential development	**20**	20	**–**	–
Australian Sustainable Forestry Investors 1 & 2 [1]	Forestry land	**60**	–	**10.2**	–
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 City Regeneration Limited Partnership [4]	Non-residential development	**–**	25	**–**	–
Mirvac Industrial Trust [5]	Listed property investment trust	**14**	14	**–**	–
Mirvac Wholesale Hotel Fund [6]	Hotel investment	**49**	49	**–**	128.1
				10.7	128.6

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 unanimous approval is required in respect of the operations of this entity; previously this was a controlled entity. A controlled entity of the Group is the 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) This investment was disposed of during the period.
5) 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 responsible entity for the fund.
6) This entity is part of the disposal group and is included in assets classified as held for sale. Refer to note 7 for further information.

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 Limited Liability Company ("LLC") which was incorporated in the United States. Information relating to joint ventures is set out below:

		Interest			
Name of entity	Principal activities	**31 December 2011 %**	30 June 2011 %	**31 December 2011 $m**	30 June 2011 $m
Australian Centre for Life Long Learning	Non-residential development	**50**	50	**–**	–
Bankstown Airport Development Pty Ltd[1]	Non-residential development	**–**	50	**–**	–
BL Developments Pty Ltd	Residential development	**50**	50	**46.7**	48.2
City West Property Investments (No.1) Trust	Non-residential development	**50**	50	**9.3**	9.3
City West Property Investments (No.2) Trust	Non-residential development	**50**	50	**9.3**	9.3
City West Property Investments (No.3) Trust	Non-residential development	**50**	50	**9.3**	9.3
City West Property Investments (No.4) Trust	Non-residential development	**50**	50	**9.3**	9.3
City West Property Investments (No.5) Trust	Non-residential development	**50**	50	**9.3**	9.3
City West Property Investments (No.6) Trust	Non-residential development	**50**	50	**9.3**	9.3
Domaine Investment Trust	Non-residential development	**50**	50	**–**	–
Ephraim Island Joint Venture	Residential development	**50**	50	**9.8**	9.9
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	Non-residential development	**50**	50	**27.3**	27.1
Googong Township Unit Trust	Residential development	**50**	–	**26.0**	–
Green Square Consortium	Residential development	**50**	–	**–**	–
HPAL Freehold Pty Limited	Non-residential development	**50**	50	**–**	–
Infocus Infrastructure Management Pty Ltd	Investment property	**50**	50	**1.0**	1.8
J F Infrastructure Pty Limited	Infrastructure	**50**	50	**–**	–
Leakes Road Rockbank Unit Trust	Residential development	**50**	50	**14.3**	13.7
Mirvac 8 Chifley Trust[2]	Investment property	**50**	–	**7.0**	–
Mirvac Lend Lease Village Consortium/Newington Olympic Village	Residential development	**50**	50	**0.7**	1.1
Mirvac Wholesale Residential Development Partnership Trust	Residential development	**20**	20	**25.7**	23.1
MVIC Finance 2 Pty Limited	Residential development	**50**	50	**–**	–
New Zealand Sustainable Forestry Investors 1&2	Forestry and environmental asset	**33**	33	**2.1**	2.5
Quadrant Real Estate Advisors LLC	Investment property	**50**	50	**2.4**	2.2
Swanbourne Joint Venture	Residential development	**50**	50	**1.4**	3.2
Tucker Box Holdings Pty Limited[3]	Hotel investment	**50**	50	**–**	122.6
Walsh Bay Partnership	Residential development	**50**	50	**0.3**	–
				220.5	311.2

1) This entity was deregistered during the period.
2) This entity was previously consolidated. During the period, 50 per cent of the entity was sold and subsequently it is equity accounted as a joint venture.
3) This entity is part of the disposal group and is included in assets classified as held for sale. Refer to note 7 for further information.

16 CONTINGENT LIABILITIES

a) Contingent liabilities

The Group had contingent liabilities at 31 December 2011 in respect of the following:

	31 December 2011 $m	30 June 2011 $m
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	**92.7**	79.3
Asset performance guarantees. The Group has provided guarantees to owners of some managed assets as to the future performance of these assets	**3.5**	3.4
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	**3.5**	1.5

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 CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**31 December 2011 $m**	31 December 2010 $m
a) Reconciliation of cash			
Cash at the end of the half year as shown in the consolidated statement of cash flows is reconciled to the consolidated statement of financial position, the detail of which follows:			
Cash on hand		**–**	–
Cash at bank		**43.8**	77.7
Deposits at call		**0.3**	0.4
Unrestricted cash		**44.1**	78.1
Cash collateralisation		**–**	505.1
Total cash and cash equivalents including disposal group		**44.1**	583.2
Less: Amounts included in assets classified as held for sale	7	**(19.8)**	–
Cash and cash equivalents		**24.3**	583.2

17 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	31 December 2011 $m	31 December 2010 $m
b) Reconciliation of profit/(loss) attributable to the stapled securityholders of Mirvac to net cash inflows from operating activities		
Profit/(loss) attributable to the stapled securityholders of Mirvac	**176.6**	(12.7)
Share of net profit of associates and joint ventures not received as dividends/distributions	**(11.1)**	(15.5)
Net loss/(gain) on sale of investments	**0.6**	(1.9)
Net gain on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**(71.2)**	(76.1)
Net loss on fair value of IPUC	**10.3**	48.1
Net (gain)/loss on sale of investment properties	**(1.5)**	0.7
Net loss on sale of property, plant and equipment	**0.3**	0.7
Depreciation and amortisation expenses	**16.4**	15.7
Impairment of loans	**7.4**	0.6
Provision for loss on inventories	**25.0**	215.0
Business combination transaction costs	**0.4**	31.8
Security based payment expense	**3.5**	2.7
Unrealised loss on financial instruments	**28.0**	63.2
Unrealised loss/(gain) on foreign exchange	**24.4**	(73.6)
Distributions from associates and joint ventures	**14.8**	7.7
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
— Increase in income taxes payable	**0.2**	1.5
— Decrease in tax effected balances	**(20.3)**	(4.9)
— (Increase)/decrease in receivables	**(5.0)**	0.8
— Increase in inventories	**(276.5)**	(48.5)
— Increase in other assets/liabilities	**(1.4)**	(4.5)
— Decrease in payables	**(15.9)**	(87.8)
— Increase/(decrease) in provisions for employee benefits	**1.0**	(0.4)
Net cash (outflows)/inflows from operating activities	**(94.0)**	62.6

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 7 to 34 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 2011 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.

Nicholas Collishaw
Director

Sydney
21 February 2012

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 2011, 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 control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an 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 2011 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 2011 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
21 February 2012

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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
CR	Capitalisation rate
CGU	Cash generating unit
CMBS	Commercial mortgage backed securities
CPI	Consumer Price Index
DCF	Discounted cash flow
EIS	Employee Incentive Scheme
ELT	Executive Leadership Team
FY	Year ending 30 June
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPUC	Investment properties under construction
KPI	Key performance indicator
LLC	Limited Liability Company
LTI	Long term incentives
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 comprehensive income
SoFP	Statement of financial position
WOP	Westpac Office Portfolio