MIRVAC PROPERTY TRUST
AND ITS CONTROLLED ENTITIES
INTERIM REPORT
31 DECEMBER 2015

INTERIM REPORT 1H16

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Mirvac Property Trust and its Controlled Entities

Interim Report
For the half year ended 31 December 2015

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

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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 financial report for the year ended 30 June 2015 and any public announcements made by Mirvac Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

The Directors of Mirvac Funds Limited (ABN 70 002 561 640, AFSL 233121), the Responsible Entity of Mirvac Property Trust ("MPT" or "Trust") present their report, together with the consolidated report of MPT and its controlled entities ("consolidated entity") for the half year ended 31 December 2015.

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

Responsible Entity

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

Directors

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

- John Mulcahy
- Susan Lloyd-Hurwitz
- Christine Bartlett
- Peter Hawkins
- Samantha Mostyn
- James M. Millar AM
- John Peters
- Elana Rubin.

Operating and financial review

The statutory profit after tax attributable to the stapled unitholders of the Trust for the half year ended 31 December 2015 was $530.6m (December 2014: $268.5m). The operating profit (profit before specific non-cash and significant items) was $196.8m (December 2014: $211.1m).

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 consolidated entity.

The following table summarises key reconciling items between statutory profit after tax attributable to the stapled unitholders of MPT and operating profit. The operating profit information included in the table below has not been subject to any specific review procedures by the consolidated entity's auditor but has been extracted from note 1 of the accompanying financial statements for the half year ended 31 December 2015, which have been subject to review; refer to pages 24-25 for the auditor's report on the financial statements.

	31 December 2015 $m	31 December 2014 $m
Profit attributable to the stapled unitholders of MPT	**530.6**	268.5
Specific non-cash items		
Net gain on fair value of investment properties and investment properties under construction ("IPUC")	**(294.3)**	(53.2)
Net gain on fair value of investment properties included in share of net profit of joint ventures and associates ("JVA")[1]	**(42.2)**	(11.0)
Loss on financial instruments[2]	**1.6**	4.1
Straight-lining of lease revenue[3]	**(0.9)**	(1.3)
Amortisation of lease fitout incentives[4]	**5.2**	5.8
Net (gain)/loss on derivatives and other specific non-cash items included in share of net profit of JVA[1]	**(2.5)**	2.6
Significant items		
Net gain on sale of non-aligned assets[5]	**(0.7)**	(4.4)
Operating profit (profit before specific non-cash items and significant items)	**196.8**	211.1

1) Included within Share of net profit of JVA accounted for using the equity method in the consolidated statement of comprehensive income ("SoCI").
2) Total of Loss/(gain) on financial assets, Loss on fair value of derivative financial instruments and Foreign exchange loss in the consolidated SoCI.
3) Included within Investment property rental revenue in the consolidated SoCI.
4) Included within Amortisation expense in the consolidated SoCI.
5) Total of Net gain on the sale of assets, Net gain on the sale of Investments and Net loss on the sale of assets in the consolidated SoCI.

Financial, capital management and operational highlights

Key financial highlights for the half year ended 31 December 2015:

- profit attributable to the stapled unitholders of Mirvac Property Trust increased from $268.5m (December 2014) to $530.6m;
- operating profit of $196.8m[1] (December 2014: $211.1m), representing 5.32 cents per stapled unit ("cpsu");
- half year distribution of $174.0m, representing 4.7 cpsu; and
- net tangible assets ("NTA")[2] per stapled security of $1.67 up from $1.57 (June 2015).

Key capital management[3] highlights for the half year ended 31 December 2015:

- issued $194.9m (US$150m) of US Private Placement notes which mature in 2025 and 2027;
- increased the Group's syndicated bank facility by $300.0m to $1,700.0m and extended the maturity date, with tranches now maturing in September 2017, 2018, 2019 and 2020;
- held $474.9m of liquidity in cash and undrawn committed bank facilities;
- maintained a weighted average debt maturity of 4.3 years;
- reduced average borrowing costs to 4.9 per cent per annum (including margins and line fees); and
- continued to comfortably meet all debt covenants.

Key operational highlights for Investment for the half year ended 31 December 2015:

- maintained high occupancy at 96.7 per cent[4];
- total investment property revaluations provided a net uplift of $294.3m;
- exchanged contracts with PAYCE to purchase 49.9 per cent of East Village, Zetland[5], for a total consideration of $154.7m;
- entered into an agreement for a lease renewal with existing tenant, Westpac, for 58,500 square metres of office space at 275 Kent Street, Sydney NSW for a 12-year lease term commencing in 2018;

The consolidated entity's focus on sustainability continued to deliver results, with key highlights including:

- a 5.1 Star NABERS average energy rating across the office portfolio;
- 23 Furzer Street, Phillip ACT received the Facility Management Industry Energy Efficiency Award and was named the Best Commercial Building Energy Efficiency Project by the Energy Efficiency Council. These awards recognise 23 Furzer Street's incredible achievement of becoming Australia's first major property to attain a 6.0 Star NABERS Energy rating without GreenPower;
- 275 Kent Street, Sydney NSW achieved a 6.0 Star Green Star Performance rating, one of only two buildings in Australia to have achieved this;
- 20 Bond Street, Sydney NSW achieved a 5.5 Star NABERS Energy rating;
- 8 Chifley Square, Sydney NSW achieved a 5.0 Star NABERS Energy rating and 5 Star NABERS Water rating; and
- Broadway Shopping Centre, Sydney NSW achieved an 18.0 per cent reduction in carbon intensity from its baseline year of FY13. The centre has reduced electricity consumption by over one million kilowatts per hour, providing savings of over $130,000 in energy costs.

Outlook[6]

While property markets generally continue to improve, the overall domestic economy is performing at a sub-trend pace. Despite this, the Trust's strategy to establish a strong and resilient business, supported by a deliberate weighting to New South Wales and Victoria, Australia's largest and strongest performing state economies, means it is well-positioned to deliver returns across the business cycle.

Net current asset deficiency

As at 31 December 2015, the Trust is in a net current liability position of $203.1m. The Trust repays its borrowings with excess cash, but has access to $766.2m of unused borrowing facilities as 31 December 2015. Accordingly, the Directors of the Responsible Entity expect that the Trust will have sufficient cash flows to meet all financial obligations as and when they fall due.

Matters subsequent to the end of the half year

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

Auditor's independence declaration

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

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

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

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

Susan Lloyd-Hurwitz
Director

Sydney
11 February 2016

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) The consolidated entity's capital structure is monitored at the Group level.
4) By area, includes 8 Chifley Square, Sydney NSW, Treasury Building, Perth WA and excludes indirect property investments.
5) Purchase is 49.9 per cent of the units in the Joynton North Property Trust. Total purchase price is subject to completion accounts on settlement.
6) These future looking statements should be read in conjunction with future releases to the Australian Securities Exchange ("ASX").

Auditor's independence declaration

pwc

As lead auditor for the review of Mirvac Property Trust for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
11 February 2016

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Consolidated financial statements

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Consolidated statement of comprehensive income

For the half year ended 31 December 2015

	Note	**31 December 2015 $m**	31 December 2014 $m
Revenue from continuing operations			
Investment property rental revenue	4	**283.8**	296.4
Interest revenue		**11.3**	10.7
Other revenue		**–**	1.0
Total revenue from continuing operations		**295.1**	308.1
Other income			
Net gain on fair value of investment properties and IPUC	4(a)	**294.3**	53.2
Share of net profit of JVA accounted for using the equity method	8	**60.7**	26.7
Net gain on the sale of assets		**0.7**	–
Net gain on the sale of investments		**–**	9.5
Total other income		**355.7**	89.4
Total revenue from continuing operations and other income		**650.8**	397.5
Investment property expenses	4	**76.5**	71.8
Amortisation expense		**11.0**	10.6
Finance costs	2	**24.1**	30.1
Net loss on sale of assets		**–**	5.1
Loss/(gain) on financial assets		**0.6**	(0.4)
Loss on fair value of derivative financial instrument		**–**	2.3
Foreign exchange loss		**1.0**	2.2
Other expenses		**6.6**	7.0
Profit from continuing operations before income tax		**531.0**	268.8
Income tax expense		**(0.4)**	(0.3)
Profit for the half year		**530.6**	268.5
Other comprehensive income for the half year			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**1.2**	2.4
Other comprehensive income for the half year		**1.2**	2.4
Total comprehensive income for the half year		**531.8**	270.9
Profit for the half year attributable to the stapled unitholders of MPT		**530.6**	268.5
Total comprehensive income for the half year attributable to the stapled unitholders of MPT		**531.8**	270.9
Earnings per stapled unit ("EPU") for profit attributable to the stapled unitholders of MPT		**Cents**	Cents
Basic EPU	3	**14.35**	7.27
Diluted EPU	3	**14.34**	7.26

The above consolidated SoCI should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2015

	Note	31 December 2015 $m	30 June 2015 $m
Current assets			
Cash and cash equivalents	12(a)	**37.0**	20.2
Receivables		**28.8**	17.0
Other financial assets at fair value through profit or loss		**2.7**	11.3
Other financial assets		**23.9**	–
Other assets		**22.1**	7.9
Total current assets		**114.5**	56.4
Non-current assets			
Receivables		**2.9**	2.9
Investments in JVA accounted for using the equity method	8	**557.1**	415.1
Other financial assets		**152.0**	264.6
Investment properties	4	**6,929.9**	6,475.9
Intangible assets	5.1	**42.8**	42.8
Total non-current assets		**7,684.7**	7,201.3
Total assets		**7,799.2**	7,257.7
Current liabilities			
Payables		**143.6**	198.1
Provisions	10	**174.0**	181.2
Total current liabilities		**317.6**	379.3
Non-current liabilities			
Borrowings	6	**1,267.6**	1,026.9
Total non-current liabilities		**1,267.6**	1,026.9
Total liabilities		**1,585.2**	1,406.2
Net assets		**6,214.0**	5,851.5
Equity			
Contributed equity	9	**4,763.3**	4,758.6
Reserves		**11.6**	10.4
Retained earnings		**1,439.1**	1,082.5
Equity, reserves and retained earnings attributable to the stapled unitholders of MPT		**6,214.0**	5,851.5

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

Consolidated statement of changes in equity

For the half year ended 31 December 2015

	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m
		Attributable to the stapled unitholders of MPT			
Balance 1 July 2015		**4,758.6**	**10.4**	**1,082.5**	**5,851.5**
Profit for the half year		–	–	530.6	530.6
Other comprehensive income for the half year		–	1.2	–	1.2
Total comprehensive income for the half year		**–**	**1.2**	**530.6**	**531.8**
Long Term Performance Plan ("LTP"), Long Term Incentives Plan ("LTIP") and EIS stapled units converted, sold, vested or forfeited	9	4.7	–	–	4.7
Distributions provided for or paid	10	–	–	(174.0)	(174.0)
Total transactions with owners in their capacity as owners		**4.7**	**–**	**(174.0)**	**(169.3)**
Balance 31 December 2015		**4,763.3**	**11.6**	**1,439.1**	**6,214.0**
Balance 1 July 2014		4,752.1	6.9	847.2	5,606.2
Profit for the half year		–	–	268.5	268.5
Other comprehensive income for the half year		–	2.4	–	2.4
Total comprehensive income for the half year		–	2.4	268.5	270.9
LTIP, long term incentives ("LTI") and EIS stapled units converted, sold, vested or forfeited		5.4	–	–	5.4
Distributions provided for or paid	10	–	–	(166.4)	(166.4)
Total transactions with owners in their capacity as owners		5.4	–	(166.4)	(161.0)
Balance 31 December 2014		4,757.5	9.3	949.3	5,716.1

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

Consolidated statement of cash flows

For the half year ended 31 December 2015

	Note	**31 December 2015 $m**	31 December 2014 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**315.8**	332.0
Payments to suppliers (inclusive of goods and services tax)		**(128.2)**	(115.9)
		187.6	216.1
Interest received		**4.2**	4.4
JVA distributions received		**12.1**	12.1
Borrowing costs paid		**(26.9)**	(31.7)
Income tax paid		**(0.4)**	(0.3)
Net cash inflows from operating activities	12(b)	**176.6**	200.6
Cash flows from investing activities			
Payments for investment properties		**(228.6)**	(423.5)
Proceeds from sale of assets		**8.2**	670.4
Contributions to JVA		**(0.3)**	(7.6)
Payments for other financial assets		**–**	(10.5)
Proceeds from sale of investments		**–**	11.5
Proceeds from other financial assets at fair value through profit or loss		**–**	0.3
Net cash (outflows)/inflows from investing activities		**(220.5)**	240.6
Cash flows from financing activities			
Repayments of borrowings		**–**	(15.1)
Proceeds from loans from entities related to Responsible Entity		**390.0**	657.4
Repayments of loans to entities related to Responsible Entity		**(151.8)**	(889.3)
Proceeds for issued units		**3.7**	–
Distributions paid		**(181.2)**	(169.8)
Net cash inflows/(outflows) from financing activities		**60.7**	(416.8)
Net increase in cash and cash equivalents		**16.8**	24.4
Cash and cash equivalents at the beginning of the half year		**20.2**	6.7
Cash and cash equivalents at the end of the half year	12(a)	**37.0**	31.1

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

BASIS OF PREPARATION

This condensed consolidated interim report for the half year reporting period ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial statements of Mirvac consist of the consolidated financial statements of Mirvac Limited (the parent entity) and its controlled entities, which include MPT and its controlled entities. A Mirvac stapled security comprises one Mirvac Limited share "stapled" to one MPT unit to create a single listed security 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 2015 and any public announcements made by Mirvac during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

RESULTS FOR THE HALF YEAR

1 Segmental information

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

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

a) Description of business segments

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

The main business segments of the consolidated entity are investments in properties which are leased to third parties for the following uses:

- office — office accommodation;
- retail — retail accommodation;
- industrial — factories and other industrial use accommodation;
- other — hotel and car park facilities accommodation; and
- unallocated — not attributed directly to one of the above segments.

b) Inter-segment transfers

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

c) Comparative information

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

d) Operating profit

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

e) Segment assets and 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 assets are allocated based on the operations of the segment. The consolidated entity's borrowings and derivative financial instruments are not considered to be segment liabilities but rather are managed by the Mirvac Treasury function and included in unallocated.

f) Geographical and customer analysis

The consolidated entity operates predominantly in Australia. 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 consolidated entity's revenue.

1 Segmental information / continued

Half year ended 31 December 2015	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Consolidated SoCI $m**
Revenue from continuing operations						
Investment property rental revenue	154.8	101.0	23.6	4.4	–	**283.8**
Interest revenue	–	–	–	–	11.3	**11.3**
Total revenue from continuing operations	**154.8**	**101.0**	**23.6**	**4.4**	**11.3**	**295.1**
Other income						
Net gain on fair value of investment properties and IPUC	184.1	88.9	16.6	4.7	–	**294.3**
Share of net profit of JVA accounted for using the equity method	–	–	–	–	60.7	**60.7**
Net (loss)/gain on sale of assets	(0.3)	1.0	–	–	–	**0.7**
Total other income	**183.8**	**89.9**	**16.6**	**4.7**	**60.7**	**355.7**
Total revenue from continuing operations and other income	**338.6**	**190.9**	**40.2**	**9.1**	**72.0**	**650.8**
Investment property expenses	36.4	35.2	3.5	1.4	–	**76.5**
Amortisation expense	6.9	3.9	0.2	–	–	**11.0**
Finance costs	–	–	–	–	24.1	**24.1**
Loss on financial assets	–	–	–	–	0.6	**0.6**
Foreign exchange loss	–	–	–	–	1.0	**1.0**
Other expenses	–	–	–	–	6.6	**6.6**
Profit from continuing operations before income tax	**295.3**	**151.8**	**36.5**	**7.7**	**39.7**	**531.0**
Income tax expense	–	–	–	–	0.4	**0.4**
Profit for the half year	**295.3**	**151.8**	**36.5**	**7.7**	**39.3**	**530.6**

Half year ended 31 December 2015	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Consolidated $m**
Profit attributable to the stapled unitholders of MPT	**295.3**	**151.8**	**36.5**	**7.7**	**39.3**	**530.6**
Specific non-cash items						
Net gain on fair value of investment properties and IPUC	(184.1)	(88.9)	(16.6)	(4.7)	–	**(294.3)**
Net gain on fair value of investment properties included in share of net profit of JVA [1]	–	–	–	–	(43.6)	**(43.6)**
Net loss on financial instruments [2]	–	–	–	–	1.6	**1.6**
Straight-lining of lease revenue [3]	(0.1)	–	(0.8)	–	–	**(0.9)**
Amortisation of lease fitout incentives [4]	5.0	0.2	–	–	–	**5.2**
Net gain on derivatives and other specific non-cash items included in share of net profit of JVA [1]	–	–	–	–	(2.5)	**(2.5)**
Significant items						
Net (gain)/loss on sale of non-aligned assets [5]	0.3	(1.0)	–	–	–	**(0.7)**
Operating profit/(loss) (profit before specific non-cash and significant items)	**116.4**	**62.1**	**19.1**	**3.0**	**(3.8)**	**196.8**

1) Included within Share of net profit of JVA accounted for using the equity method in the consolidated SoCI.
2) Total of Loss/(gain) on financial assets and Foreign exchange gain in the consolidated SoCI.
3) Included within Investment property revenue in the consolidated SoCI.
4) Included with Amortisation expense in the consolidated SoCI.
5) Total of Net gain of the sale of assets in the consolidated SoCI.

1 Segmental information / continued

Half year ended 31 December 2014	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Consolidated SoCI $m
Revenue from continuing operations						
Investment properties rental revenue	181.3	96.6	13.0	5.5	–	296.4
Interest revenue	–	–	–	–	10.7	10.7
Other revenue	–	–	–	–	1.0	1.0
Total revenue from continuing operations	181.3	96.6	13.0	5.5	11.7	308.1
Other income						
Net gain on fair value of investment properties and IPUC	31.9	14.9	2.6	3.8	–	53.2
Share of net profit of JVA accounted for using the equity method	–	–	–	–	26.7	26.7
Net gain on sale of investments	–	–	–	–	9.5	9.5
Total other income	31.9	14.9	2.6	3.8	36.2	89.4
Total revenue from continuing operations and other income	213.2	111.5	15.6	9.3	47.9	397.5
Investment properties expenses	35.2	33.3	1.6	1.7	–	71.8
Amortisation expense	7.5	3.0	0.1	–	–	10.6
Finance costs	–	–	–	–	30.1	30.1
Net loss on sales of assets	4.3	0.6	0.2	–	–	5.1
Gain on financial assets	–	–	–	–	(0.4)	(0.4)
Loss on fair value of derivative financial instruments	–	–	–	–	2.3	2.3
Foreign exchange loss	–	–	–	–	2.2	2.2
Other expenses	–	0.2	–	–	6.8	7.0
Profit from continuing operations before income tax	166.2	74.4	13.7	7.6	6.9	268.8
Income tax expense	–	–	–	–	(0.3)	(0.3)
Profit for the half year	166.2	74.4	13.7	7.6	6.6	268.5

Half year ended 31 December 2014	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Consolidated $m
Profit attributable to the stapled unitholders of MPT	166.2	74.4	13.7	7.6	6.6	268.5
Specific non-cash items						
Net gain on fair value of investment properties and IPUC	(31.9)	(14.9)	(2.6)	(3.8)	–	(53.2)
Net gain on fair value of investment properties included in share of net profit of JVA [1]	–	–	–	–	(11.0)	(11.0)
Net loss on financial instruments [2]	–	–	–	–	4.1	4.1
Straight-lining of lease revenue [3]	(1.4)	–	0.1	–	–	(1.3)
Amortisation of lease fitout incentives [4]	5.6	0.2	–	–	–	5.8
Net loss on derivatives and other specific non-cash items included in share of net profit of JVA [4]	–	–	–	–	2.6	2.6
Significant items						
Net loss on sale of non-aligned assets [5]	4.3	0.6	0.2	–	(9.5)	(4.4)
Operating profit/(loss) (profit before specific non-cash and significant items)	142.8	60.3	11.4	3.8	(7.2)	211.1

1) Included within Share of net profit of JVA accounted for using the equity method in the consolidated SoCI.
2) Total of Gain on financial assets, Loss on fair value of derivative financial instruments and Foreign exchange gain in the consolidated SoCI.
3) Included within Investment property revenue in the consolidated SoCI.
4) Included with Amortisation expense in the consolidated SoCI.
5) Total of Net gain of the sale of assets in the consolidated SoCI.

1 Segmental information / continued

	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Consolidated SoFP/SoCI $m**
31 December 2015						
Total assets	3,976.6	2,309.3	551.5	92.5	869.3	**7,799.2**
Total liabilities	9.8	26.0	20.3	–	1,529.1	**1,585.2**
Investments in JVA accounted for using the equity method	–	–	–	–	557.1	**557.1**
Acquisitions of investment properties including capital expenditure	101.1	77.4	3.6	–	–	**182.1**
30 June 2015						
Total assets	3,704.0	2,154.9	529.3	87.7	781.8	7,257.7
Total liabilities	24.1	88.4	1.8	–	1,291.9	1,406.2
Investments in JVA accounted for using the equity method	–	–	–	–	415.1	415.1
Acquisitions of investment properties including capital expenditure	177.4	461.1	232.3	0.1	–	870.9

2 Finance costs

	31 December 2015 $m	31 December 2014 $m
Interest and finance charges paid/payable	**24.1**	30.0
Borrowing costs amortised	**–**	0.1
Total finance costs	**24.1**	30.1

3 EPU

	31 December 2015 Cents	31 December 2014 Cents
EPU		
Basic EPU	**14.35**	7.27
Diluted EPU[1]	**14.34**	7.26

Basic and diluted earnings[1]	**$m**	$m
Profit attributable to the stapled unitholders of MPT used in calculating EPU	**530.6**	268.5

Weighted average number of units used as denominator	**Number m**	Number m
Weighted average number of units used in calculating basic EPU	**3,696.2**	3,692.0
Adjustment for calculation of diluted EPU		
Securities issued under EIS	**3.3**	3.7
Weighted average number of units used in calculating diluted EPU[1]	**3,699.5**	3,695.7

1) Diluted units include units issued under the EIS, but 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.

Notes to the consolidated financial statements

OPERATING ASSETS AND LIABILITIES

4 Investment properties

Investment properties comprised land and buildings held for long term rental yields and capital appreciation. Revenue from the rental yields is included in the consolidated SoCI under investment properties rental revenue. Total rental revenue for the half year was $283.8m (December 2014: $296.4). Investment properties are carried at fair value (book value in the following table). Refer to note 4(c)(i) for the valuation basis of the fair value measurement.

	Date of acquisition	Book value **31 Dec 2015 $m**	Book value 30 Jun 2015 $m	Capitalisation rate **31 Dec 2015 %**	Capitalisation rate 30 Jun 2015 %	Discount rate **31 Dec 2015 %**	Discount rate 30 Jun 2015 %	Date of last external valuation	Last external valuation $m
1 Darling Island, Pyrmont NSW	Apr 2004	**203.5**	195.8	**6.50**	6.75	**7.50**	8.25	Dec 2014	188.9
1-47 Percival Road, Smithfield NSW	Nov 2002	**40.5**	35.9	**7.00**	7.50	**8.25**	8.75	Dec 2015	40.5
10-20 Bond Street, Sydney NSW (50% interest)[1]	Dec 2009	**224.8**	200.0	**5.88**	6.38	**7.50**	8.00	Jun 2015	200.0
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	Jun 1994	**307.6**	302.7	**6.25**	6.25-6.37	**7.75-8.25**	8.25-8.75	Dec 2014	300.0
16 Furzer Street, Phillip ACT	Jul 2007	**65.3**	68.0	**7.75**	7.75	**8.50**	8.75	Dec 2015	65.3
189 Grey Street, Southbank QLD	Apr 2004	**86.0**	83.1	**7.25**	7.63	**8.00**	8.50	Dec 2015	86.0
1900-2060 Pratt Boulevard, Chicago Illinois USA	Dec 2007	**47.9**	45.1	**7.00**	7.25	**8.25**	8.50	Dec 2015	47.9
23 Furzer Street, Phillip ACT	Feb 2010	**253.5**	252.1	**7.15**	7.25	**9.00**	8.50	Dec 2015	253.5
271 Lane Cove Road, North Ryde NSW	Apr 2000	**32.8**	32.3	**8.25**	8.25	**8.25**	9.00	Jun 2014	31.4
275 Kent Street, Sydney NSW (50% interest)[1]	Aug 2010	**470.0**	435.6	**5.38**	6.00	**7.50**	8.50	Dec 2015	470.0
3 Rider Boulevard, Rhodes NSW[1]	Dec 2009	**90.4**	89.0	**7.75**	8.00	**8.00**	8.75	Dec 2014	88.4
34-39 Anzac Avenue, Smeaton Grange NSW[4]	Jan 2015	**24.9**	23.3	**7.75**	8.00	**8.50**	9.00	–	–
340 Adelaide Street, Brisbane QLD[1]	Dec 2009	**52.7**	55.5	**8.38**	8.75	**8.38**	8.75	Dec 2014	55.0
367 Collins Street, Melbourne VIC	Nov 2013	**252.8**	238.5	**6.37**	6.50	**7.75**	8.25	Jun 2015	238.5
37 Pitt Street, Sydney NSW	May 2013	**68.0**	68.0	**8.00**	8.00	**8.75**	8.75	Jun 2014	68.0
380 St Kilda Road, Melbourne VIC	Oct 1995 (50%) & Apr 2001(50%)	**153.5**	140.2	**7.00**	7.25	**8.00**	8.25	Jun 2015	140.2
39 Britton Street, Smithfield NSW	Jan 2015	**22.0**	21.1	**7.00**	7.25	**8.25**	8.75	–	–
39 Herbert Street, St Leonards NSW	Jan 2015	**157.5**	153.5	**6.75**	6.75	**8.64**	8.75	–	–
40 Miller Street, North Sydney NSW	Mar 1998	**123.2**	114.1	**6.50**	6.75	**7.75**	8.50	Jun 2014	106.4
47-67 Westgate Drive, Altona North VIC[1]	Dec 2009	**18.3**	18.7	**8.25**	9.50	**8.25**	9.75	Dec 2015	18.3
477 Collins Street, Melbourne VIC	Nov 2013	**77.5**	72.0	**7.00**	7.00	**8.00**	8.25	Jun 2015	72.0
5 Rider Boulevard, Rhodes NSW	Sep 2011	**137.6**	133.6	**7.50**	7.75	**8.00**	8.75	Dec 2014	133.0
51 Pitt Street, Sydney NSW	May 2013	**26.0**	26.0	**8.00**	8.00	**8.75**	8.75	Jun 2014	26.0
55 Coonara Avenue, West Pennant Hills NSW[1]	Aug 2010	**71.8**	70.0	**9.50**	9.50	**9.75**	9.75	Jun 2014	70.0
6-8 Underwood Street, Sydney NSW	May 2013	**9.5**	9.5	**9.00**	9.00	**9.00**	9.00	Jun 2014	9.5
60 Wallgrove Road, Eastern Creek NSW	Jan 2014	**55.7**	55.7	**–**	6.00-9.00	**–**	9.00-10.50	Jun 2014	55.1
65 Pirrama Road, Pyrmont NSW	Jun 2001	**131.0**	126.6	**6.5**	7.00	**7.50**	8.25	Dec 2015	131.0
699 Bourke Street, Melbourne, VIC (50% interest)	Jun 2014	**80.0**	77.0	**5.88**	6.13	**7.50**	8.25	Jun 2015	77.0
77 St Georges Terrace, Perth WA	May 2013	**210.0**	227.7	**8.00**	8.00	**8.50**	9.25	Jun 2014	237.0
8 Brabham Drive, Huntingwood NSW	Jan 2015	**20.7**	19.7	**6.75**	7.00	**8.25**	8.75	–	–
90 Collins Street, Melbourne VIC	May 2013	**200.0**	185.0	**6.00**	6.50	**7.50**	8.25	Dec 2015	200.0
Birkenhead Point Outlet Centre, Drummoyne NSW	Dec 2014	**331.6**	314.5	**6.00-6.75**	6.25-6.75	**8.25-9.00**	8.50-9.00	Jun 2015	314.5
Broadway Shopping Centre, Broadway NSW (50% interest)[2]	Jan 2007	**324.6**	292.1	**5.50**	6.00	**8.25**	8.75	Jun 2014	280.0
Cherrybrook Village Shopping Centre, Cherrybrook NSW[1]	Dec 2009	**94.0**	91.0	**7.00**	7.00	**8.50**	8.75	Jun 2015	91.0
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC	Aug 1998	**187.7**	179.5	**7.49-8.00**	7.50-8.00	**8.00-12.00**	8.25-12.00	Jun 2015	179.5
Cooleman Court, Weston ACT[1]	Dec 2009	**54.0**	52.4	**7.25**	7.50	**8.50**	9.00	Dec 2015	54.0
Harbourside Shopping Centre, Sydney NSW	Feb 2014	**262.0**	262.0	**6.50**	6.50	**8.50**	9.00	Dec 2014	255.0
Kawana Shoppingworld, Buddina QLD	Dec 1993 (50%) & Jun 1998 (50%)	**330.0**	322.0	**6.00**	6.25	**8.25**	8.75	Dec 2015	330.0
Metcentre & 60 Margaret Street, Sydney (50% interest)	Aug 1998	**279.5**	244.4	**6.00**	6.50-6.88	**7.38-8.25**	8.25-8.75	Dec 2015	279.5
Moonee Ponds Central, Moonee Ponds VIC	May 2003 & Feb 2008	**69.5**	68.6	**7.75**	7.75	**8.75**	9.00	Jun 2014	67.0

4 Investment properties / continued

	Date of acquisition	Book value 31 Dec 2015 $m	Book value 30 Jun 2015 $m	Capitalisation rate 31 Dec 2015 %	Capitalisation rate 30 Jun 2015 %	Discount rate 31 Dec 2015 %	Discount rate 30 Jun 2015 %	Date of last external valuation	Last external valuation $m
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	Aug 2004	**22.2**	21.6	**7.00**	7.25	**8.25**	8.75	Jun 2015	21.6
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	Aug 2004	**15.5**	14.6	**7.00**	7.25	**8.25**	8.75	Dec 2014	13.5
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	Aug 2004	**29.1**	27.5	**7.25**	7.50	**8.25**	8.75	Jun 2015	27.5
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW	Aug 2004	**42.9**	39.7	**6.75**	7.25	**8.25**	8.75	Dec 2015	42.9
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	Aug 2004	**21.5**	20.6	**7.00**	7.25	**8.25**	8.75	Dec 2014	19.8
Orion Springfield Town Centre, Springfield QLD	Aug 2002	**282.0**	235.0	**6.50**	6.50	**8.75**	9.00	Dec 2014	143.0
Quay West Car Park, 109-11 Harrington Street, Sydney NSW	Nov 1989	**32.8**	30.0	**7.00**	7.25	**9.00**	9.25	Jun 2015	30.0
Rhodes Waterside, Rhodes NSW (50% interest)	Jan 2007	**160.0**	149.0	**6.00**	6.25	**8.50**	8.50	Jun 2015	149.0
Riverside Quay, Southbank VIC	Apr 2002 & Jul 2003	**206.5**	193.1	**6.75**	7.50	**7.75**	8.75	Dec 2015	206.5
St Marys Village Centre, St Marys NSW	Jan 2003	**49.0**	48.2	**7.25**	7.25	**8.75**	9.00	Dec 2014	47.0
Stanhope Village, Stanhope Gardens NSW	Nov 2003	**126.0**	116.0	**6.25**	7.00	**8.50**	9.00	Dec 2015	126.0
Total investment properties		**6,635.4**	6,297.1						
IPUC									
2 Riverside Quay, Southbank VIC (50% interest)	Apr 2002	**38.4**	23.7	**6.00**	6.13	**8.50**	8.50	–	–
200 George Street, Sydney NSW (50% interest)	Dec 2012	**220.5**	133.5	**5.50**	6.00	**7.75**	8.00	Dec 2014	92.9
Orion Springfield land, Springfield QLD [3,4]	Aug 2002	**14.1**	21.6	**–**	–	**–**	–	Dec 2014	73.4
Tramsheds, Harold Park NSW [5]	Oct 2015	**21.5**	–	**6.75**	–	**8.75**	–	–	–
Total IPUC		**294.5**	178.8						
Total investment properties and IPUC		**6,929.9**	6,475.9						

1) Date of acquisition represents business combination acquisition date.
2) Includes 52-60 Francis Street, Glebe NSW (50% interest).
3) Portion of the site disposed during the half year.
4) Last external valuation includes stage two of development now included in main centre.
5) Investment property acquired during the half year.

a) Reconciliation of carrying amounts of investment properties

At fair value	31 December 2015 $m	30 June 2015 $m
Balance 1 July	**6,475.9**	6,141.1
Additions	**176.0**	320.3
Acquisitions including costs	**6.1**	550.6
Disposals	**(7.5)**	(650.9)
Net gain on fair value of investment properties and IPUC	**294.3**	139.8
Net gain from foreign currency translation	**2.7**	8.1
Amortisation of fitout incentives, leasing costs and rent incentives	**(17.6)**	(33.1)
Balance 31 December/30 June	**6,929.9**	6,475.9

b) Amounts recognised in the consolidated SoCI for investment properties

	31 December 2015 $m	31 December 2014 $m
Investment property rental revenue	**283.8**	296.4
Investment property expenses	**(76.5)**	(71.8)
	207.3	224.6

4 Investment properties / continued

c) Fair value measurement and valuation basis

i) Investment properties

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

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

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, Consumer Price Index 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. The consolidated entity's terminal CRs are in the range of an additional nil to 100 basis points above the respective property's CR.

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

ii) IPUC

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level one);
- inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level two); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level three).

DCF and CR both use unobservable inputs in determining fair value, ranges of the inputs are included below:

			Inputs used to measure fair value				
Sector	Fair value hierarchy	Fair value $m	Net market income[1] $	10 year market rent compound annual growth rate ("CAGR") %	CR %	Terminal yield %	Discount rate %
At 31 December 2015							
Office[2]	Level three	3,976.6	308-1020	0.00-3.88	5.38-9.50	6.00-10.00	7.38-9.75
Industrial	Level three	551.5	16-354	2.63-3.13	6.75-8.25	6.88-8.75	8.25-8.64
Retail[2]	Level three	2,309.3	228-1,142	2.55-4.35	5.50-7.75	5.75-8.00	8.25-9.00
Other[3]	Level three	92.5	–	1.88-2.50	7.00-8.00	7.50-9.00	9.00-12.00
At 30 June 2015							
Office[2]	Level three	3,704.0	205-1,003	0.0-4.10	6.00-9.50	6.25-10.00	8.00-9.75
Industrial	Level three	529.3	15-345	2.33-3.30	6.75-9.50	6.88-9.75	8.50-9.75
Retail[2]	Level three	2,154.9	221-1,341	2.55-4.43	6.00-7.75	6.25-8.00	8.50-9.00
Other[3]	Level three	87.7	–	1.88-3.35	7.25-8.00	7.50-9.00	9.25-12.00

1) Per square metre.
2) Includes IPUC.
3) Net market income for other sector (Car Parks and Hotel) not reported on a square metre basis.

d) Sensitivity on changes in fair value of investment properties

Movement in any of the unobservable inputs is likely to have an impact on the fair value of investment property. The higher the net market income and 10 year market rent compound annual growth rate, the higher the fair value. The higher the CR, terminal yield and discount rate, the lower the fair value.

Movement in any of the inputs used to measure fair value is likely to have an impact on the fair value of investment property.

e) Highest and best use

For all investment properties, the current use equates to the highest and best use.

4 Investment properties / continued

f) Non current assets pledged as security

No debt facility is secured by real property mortgages or a fixed and floating charge.

g) Property portfolio

The consolidated entity's property portfolio comprises of:

	31 December 2015 $m	30 June 2015 $m
Investment properties per consolidated SoFP	6,929.9	6,475.9

5 Other non-financial assets and liabilities

5.1 Intangible assets

	Goodwill $m	Total $m
Balance 1 July 2015	42.8	42.8
Balance 31 December 2015	**42.8**	**42.8**
Balance 1 July 2014	42.8	42.8
Balance 30 June 2015	42.8	42.8

a) Allocation of goodwill by business segment

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

	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
31 December 2015						
Goodwill	20.0	–	5.4	–	17.4	42.8
Balance 31 December 2015	**20.0**	**–**	**5.4**	**–**	**17.4**	**42.8**
30 June 2015						
Goodwill	20.0	–	5.4	–	17.4	42.8
Balance 30 June 2015	20.0	–	5.4	–	17.4	42.8

b) Key assumptions used for value in use calculations for goodwill

Goodwill is allocated to the consolidated entity's cash generating units ("CGU") identified according to business segments. The recoverable amount of CGUs 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 forecasts approved by management covering a 10 year period. AASB 136 *Impairment of Assets* recommends that cash flow projections should cover a maximum period of five years, unless a longer period can be justified. As the cash flow projections used for budgeting and forecasting are based on long term, predictable and quantifiable leases, with renewal assumptions based on sector and industry experience, management is comfortable that a 10 year cash flow projection is more appropriate. For each business segment CGU, no forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing investment properties and other investments. Discount rates reflecting specific risks of each CGU have been adopted.

CGU	**Growth rate 31 December 2015 % pa**	**Discount rate 31 December 2015 % pa**	Growth rate 30 June 2015 % pa	Discount rate 30 June 2015 % pa
Office	**–**	**8.5**	–	8.5
Retail	**–**	**8.8**	–	8.8
Industrial	**–**	**8.5**	–	8.5
Other	**–**	**10.3**	–	10.3

The recoverable amount of goodwill exceeds the carrying value at 31 December 2015. Based on the information available on the key assumptions and market conditions at 31 December 2015, management has considered and assessed reasonable possible changes on the key assumptions and has not identified any instances that could cause the carrying value to exceed its recoverable amount of goodwill.

As the CGU's primarily consist of investment property, assumptions considered are the unobservable inputs used in determining fair value of investment property. For further information on the impact of a significant change in an unobservable input refer to note 4(d).

CAPITAL STRUCTURE

6 Borrowings

a) Loans from related party

The consolidated entity has access to unsecured loan facilities from a related party of $2,033.8m (June 2015: $2,031.9m). The facility consists of two individual loans: $24.6m in US dollars translated into Australian dollars on a monthly basis, which expires on 7 December 2017, and $2,000.0m which can be drawn in Australian or US dollars, which expires on 18 December 2023.

6 Borrowings / continued

b) Financing arrangements

	31 December 2015 $m	30 June 2015 $m
Total facilities		
Loans from related party	**2,033.8**	2,031.9
Used at the end of the reporting period		
Loans from related party	**1,267.6**	1,026.9
Unused at the end of the reporting period		
Loans from related party	**766.2**	1,005.0

c) Fair value

	Carrying amount		Fair value	
	31 December 2015 $m	30 June 2015 $m	**31 December 2015 $m**	30 June 2015 $m
Included in consolidated SoFP				
Non-traded financial liabilities				
Loans from related party	**1,267.6**	1,026.9	**1,267.6**	1,026.9
	1,267.6	1,026.9	**1,267.6**	1,026.9

i) Included in consolidated SoFP

The fair value for borrowings less than 12 months to maturity is deemed to equal the carrying amounts. All other borrowings are discounted if the effect of discounting is material. The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

7 Fair value measurement of financial instruments

a) Fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level one);
- inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level two); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level three).

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015 on a recurring basis:

	Level one $m	Level two $m	Level three $m	**Total $m**
At 31 December 2015				
Financial assets				
Other financial assets at fair value through profit or loss				
– unlisted securities	–	–	2.7	**2.7**
Other financial assets[1]	–	–	175.9	**175.9**
	–	–	178.6	**178.6**
At 30 June 2015				
Financial assets				
Other financial assets at fair value through profit or loss				
– unlisted securities	–	–	11.3	11.3
Other financial assets[1]	–	–	264.6	264.6
	–	–	275.9	275.9

1) Relates to vendor financing arrangement with Blackstone $175.9m (June 15: $168.9m) for the partial non-receipt of funds from sale relating to sale of non-aligned assets. June 2015 included the convertible associated with funding Mirvac (Old Treasury) Trust joint venture of $95.7m. The convertible notes were issued to fund the development cost of IPUC held by the Mirvac (Old Treasury) Trust and were converted to equity in November 2015.

There were no transfers between levels one, two and three for recurring fair value measurements during the half year. The consolidated entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

7 Fair value measurement of financial instruments / continued

b) Valuation techniques used to derive level two and level three fair values

Level one: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. The Trust holds no level one financial instruments.

Level two: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated DCF, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level two and comprise debt investments and derivative financial instruments, where the fair values have been determined based on present values and discount rates used were adjusted for counterparty or own credit or debit adjustments.

Level three: If one or more of the valuation techniques for financial instruments is based on significant unobservable inputs, such instruments are included in level three. This is the case for unlisted securities and other financial assets.

The following table presents the changes in level three instruments for the half year ended 31 December 2015 held by the consolidated entity:

	Unlisted securities $m	Other financial assets $m	Total $m
Balance 1 July 2015	**11.3**	**264.6**	**275.9**
Acquisitions	–	7.0	7.0
Equity conversion	–	(95.7)	(95.7)
Loss recognised in other income[1]	(0.6)	–	(0.6)
Capital distribution receivable	(8.0)	–	(8.0)
Balance 31 December 2015	**2.7**	**175.9**	**178.6**

1) Unrealised loss for the half year included in Loss/(gain) on financial assets in consolidated SoCI.

There were no transfers between the levels of the fair value hierarchy in the six months to 31 December 2015. There were also no changes made to any of the valuation techniques applied as of 30 June 2015.

The main level three inputs used by the consolidated entity in measuring the fair value of financial instruments are derived and evaluated as follows:

- unlisted securities – fair values of the security unit prices: these are determined based on the valuation of the underlying assets held by the fund. These valuations are based on discounted net cash inflows from expected future income and/or comparable sales of similar assets; and
- other financial assets – expected cash inflows: these are determined based on the development management agreement with fixed repayment terms based on fixed interest rate and agreed project costs.

i) Sensitivity on changes in fair value of level three financial instruments

For level three unlisted securities, the impact of an increase/decrease in unlisted security unit price on the consolidated entity's profit for the half year end and on equity if the unit price had been five per cent higher or lower would have been $0.1m (30 June 2015: $0.6m) higher or lower.

ii) Fair value of other financial instruments

The carrying value of the other short term financial assets and financial liabilities being receivables and payables is considered to approximate their fair value.

GROUP STRUCTURE

8 Investments in JVA

	31 December 2015 $m	30 June 2015 $m
Consolidated SoFP		
Investments accounted for using the equity method		
Investments in joint ventures	**557.1**	415.1

8 Investments in JVA / continued

	31 December 2015 $m	31 December 2014 $m
Consolidated SoCI		
Share of net profit of joint ventures accounted for using the equity method		
Investments in joint ventures	**60.7**	26.7

a) Detail of JVA

Investments in JVA are accounted using the equity method of accounting. All associates and joint ventures were established in Australia. Information relating to the JVA is set out below:

Joint ventures

		Interest		Carrying value	
Name of entity	Principal activities	31 December 2015 %	30 June 2015 %	31 December 2015 $m	30 June 2015 $m
Australian Sustainable Forestry Investors 1&2	Forestry and environmental asset management	**25**	25	**0.1**	0.1
Mirvac 8 Chifley Trust	Investment property	**50**	50	**202.5**	189.6
Mirvac (Old Treasury) Trust	Investment property	**50**	50	**197.5**	70.5
Tucker Box Hotel Group	Hotel investment	**49**	49	**157.0**	154.9
				557.1	415.1

EQUITY

9 Contributed equity

a) Paid up equity

	31 December 2015 Units m	30 June 2015 Units m	31 December 2015 $m	30 June 2015 $m
MPT – ordinary stapled units issued	3,698.2	3,694.3	4,763.3	4,758.6
Total contributed equity	**3,698.2**	3,694.3	**4,763.3**	4,758.6

b) Movements in paid up equity

Movements in paid up equity of MPT for the half year ended 31 December 2015 and the year ended 30 June 2015 were as follows:

	m	Units $m
Balance 1 July 2015	**3,694.3**	**4,758.6**
LTP, LTIP and EIS stapled units converted, sold, vested or forfeited	3.9	4.7
Balance 31 December 2015	**3,698.2**	**4,763.3**

c) Reconciliation of stapled units issued on the ASX

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

	31 December 2015 Units m	30 June 2015 Units m
Total ordinary stapled units disclosed	**3,698.2**	3,694.3
Stapled units issued under LTI plan and EIS	**3.0**	3.3
Total stapled units listed on the ASX	**3,701.2**	3,697.6

10 Distributions

Ordinary stapled units	31 December 2015 $m	31 December 2014 $m
Half yearly ordinary distributions payable/paid as follows:		
4.70 cpsu payable on 29 February 2016	**174.0**	–
4.50 cpsu paid on 26 February 2015	**–**	166.4
Total distribution 4.70cpsu (December 2014: 4.50)	**174.0**	166.4

All distributions paid were satisfied in cash.

OTHER INFORMATION

11 Contingent liabilities

The consolidated entity had contingent liabilities at 31 December 2015 in respect of the following:

	31 December 2015 $m	30 June 2015 $m
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 consolidated entity, they would result in a liability.	**0.4**	0.8

As part of the ordinary course of business of the consolidated entity, 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 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 consolidated entity does not provide details of these as to do so may prejudice the consolidated entity's position.

a) JVA

There are no contingent liabilities relating to JVA.

12 Notes to the consolidated statement of cash flows

	31 December 2015 $m	31 December 2014 $m
a) Reconciliation of cash		
Cash at the end of the half year as shown in the consolidated statement of cash flows is the same as consolidated SoFP, the detail of which follows:		
Cash at bank and on hand	**37.0**	30.9
Deposit at call	**–**	0.2
Cash and cash equivalents	**37.0**	31.1

b) Reconciliation of profit attributable to the stapled unitholders of MPT to net cash inflows from operating activities

	Note	31 December 2015 $m	31 December 2014 $m
Profit attributable to the stapled unitholders of MPT		**530.6**	268.5
Net gain on fair value of investment properties and IPUC	4	**(294.3)**	(53.2)
Amortisation expenses	4	**17.6**	10.6
Non-cash lease incentives		**(8.7)**	(4.3)
Loss on fair value of derivative financial instruments		**–**	2.3
Loss/(gain) on financial assets		**0.6**	(0.4)
Foreign exchange loss		**1.0**	2.2
Net gain on sale of non-aligned assets		**0.7**	(4.4)
Share of net profit of JVA not received as distributions		**(48.6)**	(14.6)
Increase in receivables		**(15.4)**	(1.8)
Increase in other assets		**(1.9)**	(5.9)
(Decrease)/Increase in payables		**(5.0)**	1.6
Net cash inflows from operating activities		**176.6**	200.6

13 Events occurring after the end of the reporting period

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

14 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

a) New and amended standards adopted by the consolidated entity

A number of new or amended standards became applicable for the current reporting period; however, the consolidated entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosure in the 30 June 2016 annual report as a consequence of these amendments.

b) Impact of standards issued but not yet applied by the consolidated entity

i) AASB 9 Financial Instruments

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption. Following the changes approved by the AASB in December 2014, the consolidated enity no longer expects any impact from the new classification, measurement and derecognition rules on its financial assets and financial liabilities. The consolidated entity did not undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets and did not recognise any fair value through other comprehensive as the consolidated entity does not hold any available-for-sale debt investments.

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

As a general rule, it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The consolidated entity has not yet decided when to adopt AASB 9 before its mandatory date. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

ii) AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer — so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The standard will have no impact on revenue recognition within the consolidated entity, as the revenue is accounted for under AASB 117 *Leases*.

iii) IFRS 16 Leases

The International Accounting Standards Board (IASB) issued IFRS 16 Leases in January 2016. IFRS 16 will impact most Australian entities and especially those with operating leases of property, aircraft, manufacturing equipment, mining equipment and distribution and logistics services. The new standard replaces the previous leases standard, IAS 17 Leases, and related IFRS interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard is not applicable until 1 January 2019. The changes under IFRS 16 will predominantly affect lessees, with the standard eliminating the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model i.e. almost all leases will go on the lessee's balance sheet.

Following the changes approved by the IASB, the accounting for the consolidated entity, mainly as a lessor, will not change significantly. Accordingly, the consolidated entity will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The consolidated entity may however be required to provide more transparent lease information to their lessees to facilitate their lease accounting.

Management is in the process of assessing the accounting implications of the new standard.

15 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 Trust's accounting policies

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

i) Fair value estimation

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 basis of valuation is set out in note 4.

ii) Classification of investments in structured entities as an associate or joint venture

The Trust holds 25 per cent of Australian Sustainable Forestry Investors 1&2. The Trust equity accounts for this investment as a joint venture even though it owns 25 per cent of the voting or potential voting power due to the fact that major decisions affecting the joint venture require unanimous approval from each investor in the joint venture.

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 half year, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next half year:

i) Impairment of goodwill

The consolidated entity annually tests whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Trust 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 $42.8m (June 2015: $42.8m). There was no impairment loss recognised during the half year (December 2014: $nil).

ii) 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 indication that the investment may be impaired. In determining the value in use of the investment, the consolidated entity estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal.

iii) Fair value of investments not traded in active markets

The fair value of investments not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by the NPV calculations using future cash flows and an appropriate post-tax discount rate refer to note 9. The carrying value of investments not traded in an active market determined using the above techniques and assumptions is $2.7m (June 2015: $11.3m) and is disclosed as other financial assets at fair value through profit or loss.

iv) Valuation of investment properties

The consolidated entity uses judgement in respect of the fair values of investment properties. Investment properties are revalued by external valuers on a rotation basis with approximately one half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The reported fair values of investment properties reflect the market conditions at the end of the half year. While this represents the best estimation of fair value at the reporting period, actual sale prices achieved (should the investment properties be sold) may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty. Major assumptions used in valuation of investment properties are disclosed in note 4. The carrying value at the end of the half year for investment properties was $6,929.9m (June 2015: $6,475.9m). Details on investment properties are provided in note 4.

v) Valuation of IPUC

IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated 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 gain on fair value of IPUC was $37.1m (December 2014: Gain of $0.5m). The carrying value of $294.5m (June 2015: $178.8m) at the end of the half year is included in investment properties (refer to note 6).

vi) Valuation of derivatives and other financial instruments

The consolidated entity uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility. The valuation techniques are discussed in detail at note 7 and have been developed in compliance with requirements of AASB 139 *Financial Instruments: Recognition and Measurement.*

Directors' declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 05 to 22 are in accordance with the *Corporations Act 2001*, including:

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

   ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half financial year ended on that date; and

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

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

Susan Lloyd-Hurwitz
Director

Sydney
11 February 2016

Independent auditor's review report to the unitholders of Mirvac Property Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mirvac Property Trust (the Trust), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Mirvac Property Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled during that half-year.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mirvac Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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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Independent auditor's review report

to the members of Mirvac Limited

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
11 February 2016