by mirvac

MIRVAC GROUP

INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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 2010 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: TOWER 8, YARRA'S EDGE, DOCKLANDS, VIC

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 2010. 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:

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

Review of operations and activities
The statutory loss after tax attributable to the stapled securityholders of Mirvac for the half year ended 31 December 2010 was $12.7m (December 2009: profit $47.2m). Included in the statutory loss was a provision for loss on inventories totalling $215.0m (December 2009: $nil). The operating profit (profit before specific non-cash items and significant items) was $200.1m (December 2009: $129.4m).

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

	31 December 2010 $m	31 December 2009 $m
(Loss)/profit for the half year attributable to the stapled securityholders of Mirvac	**(12.7)**	47.2
Specific non-cash items		
Net (gain)/loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**(76.1)**	116.0
Net loss on fair value of investment properties under construction ("IPUC")	**48.1**	86.3
Net gain on fair value of derivative financial instruments and associated foreign exchange movements	**(10.4)**	(16.7)
Security based payment expense	**2.7**	2.5
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	**4.0**	3.4
Straight-lining of lease revenue	**(7.6)**	(0.3)
Amortisation of lease incentives	**5.3**	4.8
Net (gain)/loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates and joint ventures	**(1.0)**	11.2
Significant items		
Provision for loss on inventories	**215.0**	–
Business combination transaction costs	**31.8**	22.0
Net gain on sale of non-aligned assets	**–**	(0.9)
Discount on business combination	**–**	(119.8)
Net gain on remeasurement of equity interest	**–**	(30.9)
Tax effect		
Tax effect of specific non-cash items and significant items adjustments	**1.0**	4.6
Operating profit (profit before specific non-cash items and significant items)	**200.1**	129.4

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

- operating profit of $200.1m [1], representing 5.9 cents per security;
- net tangible assets per security of $1.60 [2];
- operating cash flow of $62.6m;
- total assets of $8,817.0m;
- net assets of $5,520.5m; and
- distribution of $136.6m, representing 4.0 cents per security.

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

- finalised the acquisition of Westpac office portfolio ("WOP"), adding $1,152.7m [3] of investment grade assets;
- continued to improve the quality of the MPT portfolio with the sale of eight assets, realising $149.9m (before costs), representing a 1.3 per cent premium to carrying value;
- exchanged contracts for $841.0m [4] in new residential projects and achieved 721 residential lot settlements;
- continued the development of large-scale, masterplanned, generational residential projects in core markets and restocked the residential pipeline via the acquisition of a further 2,749 lots;
- commenced commercial development projects including the demolition of 8 Chifley Square, Sydney NSW to develop into a premium office tower; and
- added two hotels within Hotel Management, bringing the total number of hotel rooms across the portfolio to 5,908.

CAPITAL MANAGEMENT

During the six months to 31 December 2010, the Group issued and priced a new $200.0m six year fixed Medium Term Note ("MTN") into the domestic bond market, at a margin of 250 basis points per annum.

The Group's balance sheet gearing at 31 December 2010 was 27.3 per cent [5] and the Group maintained its BBB/A-2 credit rating from Standard & Poor's.

Post 31 December 2010, the Group announced it had successfully refinanced its syndicated bank facilities in line with its strategy. The transaction involved refinancing existing tranches maturing in June 2011 and January 2012 to a new $1,852.5m facility. The new facility is now made up of one to five year maturities and has extended the Group's weighted average debt maturity to 4.2 years [6]. The average cost of the Group's debt has increased by approximately 25 basis points per annum and now stands at 7.3 per cent per annum [6,7], in line with expectations.

Outlook

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

OPERATIONAL HIGHLIGHTS AND DIVISIONAL STRATEGY

Investment Division

The Investment Division had a total portfolio value of $5,805.1m with investments in 70 assets, covering the office, retail, industrial and hotel sectors, as well as investments in other funds managed by Mirvac.

For the six months ended 31 December 2010, the Investment Division's statutory net profit before tax was $234.7m and operating profit before tax was $199.0m.

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

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

The Trust maintained its strong portfolio metrics with a high portfolio occupancy of 98.2 per cent (by area) and a weighted average lease expiry of 6.2 years (by area). The Trust's earnings continue to be secure with 94.8 per cent of Financial Year ("FY")11 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 83.9 per cent of revenue derived from multinational, national, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook

The Investment Division remains focused on active asset management and further enhancing the quality of the portfolio. The Trust will focus on its $1,408.3m development pipeline which will be delivered by the Group's in-house Development Division, providing quality assets at enhanced returns.

1) Excludes specific non-cash items, significant items and related taxation.
2) NTA per stapled security based on ordinary securities excluding Employee Incentive Scheme securities.
3) Includes the acquisition of 54-60 Talavera Road, North Ryde, NSW.
4) Total exchanged contracts, adjusted for Mirvac's share of Joint Venture interests and Mirvac Managed funds.
5) Net debt after Cross Currency Interest Rate swaps excluding leases / (total tangible assets – cash). Post 19 January 2011 bank syndicated debt refinance.
6) Excludes WOP associated Commercial Mortgage-Backed Securities ("CMBS") which is fully collateralised.
7) Includes margin and line fees. Post 19 January 2011 bank syndicated debt refinance.

Hotel Management
Mirvac's Hotel Management business manages 47 hotels throughout Australia (44) and New Zealand (three) under a suite of brands comprising Sea Temple (five star resorts); Quay Grand (five star deluxe apartment hotels); Quay West (five star all-suite hotels and resorts); Sebel (four and a half star hotels and resorts); and Citigate (four star hotels).

For the six months ended 31 December 2010, the business unit achieved a statutory net profit of $4.8m and an operating profit before tax of $5.9m before tax.

The reporting period was characterised by a recovery in the hotel operating environment throughout Australia, supported by uplift in demand from the corporate and conferencing market segments together with minimal new supply in all major hotel markets except Melbourne. However, regional markets including the major resort destinations have not enjoyed a similar uplift in demand, as domestic travellers are presently favouring overseas destinations.

Portfolio occupancy for the six months was 77.3 per cent, an increase of 2.2 percentage points on the same period last year. Similarly, the portfolio average room rate for the six months was $176 per room, an increase of 4.8 per cent on the same period last year. Revenue per available room was $136 per room, an increase of 7.9 per cent on the same period last year.

Outlook
The outlook for the remainder of the financial year for Hotel Management remains positive, relative to the same period last year for that part of the portfolio located in the key gateway cities of Brisbane, Sydney, Melbourne, Adelaide and Perth, which have all experienced growth in revenue per available room (average room rate times room occupancy expressed as a dollar figure) which is the key performance indicator for hotel performance. The robust operating environment for the majority of the portfolio will assist Mirvac's strategy of expanding its managed hotel portfolio and reinforcing the market presence of its suite of hotel brands.

The Group will continue to review the impact of the Queensland floods and Cyclone Yasi on its Queensland hotels.

Investment Management
Mirvac's Investment Management ("MIM") business unit provides capital for the Group's two core Divisions — Investment and Development — through the establishment of investment partnerships with major financial institutions and institutional investors.

For the six months ended 31 December 2010, MIM recorded a statutory net profit before tax of $1.7m and an operating profit before tax of $2.4m.

Following the ongoing rationalisation of non-aligned and unscaleable funds, MIM remained focused on its core area of operation, being investment partnerships with wholesale clients. At 31 December 2010, Mirvac managed three wholesale funds, being Mirvac Wholesale Hotel Fund, Mirvac Wholesale Residential Development Partnership and Travelodge Group.

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

Development Division
The Group's Development Division conducts residential and commercial development across New South Wales, Victoria, Queensland and Western Australia.

For the six months ended 31 December 2010, the Division's statutory net loss before tax was $199.4m and operating profit before tax was $15.8m. The Division's statutory result was impacted by the Group's decision to expand and accelerate its englobo sales program, which resulted in a $215.0m provision. As announced by the Group on 25 January 2011, select regional markets have not recovered in line with metropolitan markets. These markets have experienced slower than expected sales over the traditionally strong Spring and Summer periods, and continue to be characterised by oversupply and heavy discounting. As part of the Group's provision announcement, four residential projects in underperforming markets have been included in the Division's englobo disposal program (Magenta Shores, NSW; The Royal, Newcastle, NSW; Dianella, WA; and Bridgewater, WA).

Residential
Mirvac's residential product offering includes house and land packages, masterplanned communities, small lot homes and apartments.

In the Group's core metropolitan markets, the Division continued to deliver quality residential product, with key projects like Rhodes Waterside in Sydney and Yarra's Edge and Harcrest in Melbourne achieving strong results to 31 December 2010. For the six months to 31 December 2010, the Division settled 721 residential lots[1]. State based settlements for the six months ended 31 December 2010 were as follows:

State	Lots
NSW	421
VIC	88
QLD	92
WA	120
Total	**721**[1]

1) Including Mirvac share of joint venture interests and Mirvac managed funds.

State based settlements by product for the six months ended 31 December 2010 were as follows:

State	House/land %	Apartments %	Total %
NSW	60.9	48.3	58.4
VIC	15.2	–	12.2
QLD	12.5	14.0	12.8
WA	11.4	37.8	16.6
Total			**100.0**

The Division secured future income with $841.0m[1] of exchanged contracts, with key projects forecast to be delivered for 2H11 being:

Project	Type	Lots
Parkbridge, Middleton Grange NSW	House	112
Laureate, Melbourne VIC	House	32
Waverley Park, Mulgrave VIC	House	35
Waterfront, Newstead QLD	Apartments	42

Commercial

Mirvac's commercial development pipeline covers the office, retail, industrial and hotel sectors. Completed projects may be incorporated into MPT's property portfolio or sold to third parties. Mirvac is in various stages of commencing 10 strategic development projects with a $1,408.3m commercial development pipeline.

During the six months ended 31 December 2010, the Division significantly advanced work on Hoxton Distribution Park, a new industrial facility in Sydney's south west corridor. Hoxton Distribution Park is 100 per cent pre-let to Woolworths Limited and will cover approximately 140,000 square metres of industrial space that will house two major distribution centres for BIG W and Dick Smith for 20 and 25 year leases respectively. Construction is progressing well with the Dick Smith facility on track for completion in the first half of FY12 and the BIG W facility for the second half of FY12.

Demolition work also commenced on 8 Chifley Square in the financial core of Sydney's central business district. 8 Chifley Square will comprise approximately 19,000 square metres of net lettable area across 21 office levels. Completion is expected towards the end of FY13.

Outlook

The Development Division will continue with its strategy to expedite a return to normalised financial performance, and as such the englobo disposal program has been expanded to include four residential projects and one commercial project. The Division remains focused on developing large-scale, masterplanned, generational projects in core markets.

MARKET AND GROUP OUTLOOK

Mirvac believes the outlook for the Australian economy remains stable for the remainder of the financial year to 30 June 2011.

Growth in the Australian labour market continues to signal an improving demand outlook for the national office market with the unemployment rate 0.4 per cent lower than that for January 2010 at 5.1 per cent. In December 2010, national vacancy rates fell to approximately 7.0 per cent, and over the next 12 months are expected to continue to trend lower, reflecting low levels of construction and expectations of improving demand.

The Group remains cautious in its outlook for the retail sector, with Australian consumer confidence softening following interest rate increases and a continued downtrend in annual retail turnover growth from a high of 4.0 per cent in July 2010. Nationally, the average vacancy rate is expected to remain unchanged over the next six months.

Conditions in the Australian industrial market have weakened recently and are expected to begin a gradual recovery going forward. In the major markets, conditions are best in Victoria where a mild upswing is underway, whilst New South Wales and Queensland remain the weaker states. National industrial vacancy rates are expected to continue to tighten over the next 12 months.

Australian residential markets remain vulnerable to weaker construction momentum becoming entrenched in the medium term, and the prospect of higher interest rates and their subsequent impact upon affordability will continue to impact investor sentiment.

Mirvac will continue to focus on its core strengths of managing Australian investment grade assets and developing large-scale, pre-eminent residential developments in core locations across Australia.

Mirvac experienced limited impact to its residential projects and investment assets across Queensland as a result of the recent flood crisis and Cyclone Yasi. The Group will continue to monitor project impacts.

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 05.

Rounding of amounts

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

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

Nicholas Collishaw
Director

Sydney
22 February 2011

1) Total exchanged contracts, adjusted for Mirvac's share of Joint Venture interest and Mirvac Managed funds.

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AUDITOR'S INDEPENDENCE DECLARATION

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

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

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

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

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
22 February 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	**31 December 2010 $m**	Consolidated 31 December 2009 $m
Revenue from continuing operations			
Investment properties rental revenue		**267.1**	181.0
Hotel operating revenue		**83.1**	76.2
Investment management fee revenue		**9.8**	17.2
Development and construction revenue		**454.9**	381.9
Development management fee revenue		**10.0**	16.8
Interest revenue		**24.3**	24.0
Dividend and distribution revenue		**0.3**	0.3
Other revenue		**7.7**	6.1
Total revenue from continuing operations		**857.2**	703.5
Other income			
Share of net profit of associates and joint ventures accounted for using the equity method	7	**15.5**	7.2
Net gain on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	8	**76.1**	–
Gain on financial instruments		**34.2**	–
Foreign exchange gain		**73.6**	44.1
Net gain on sale of investments		**1.5**	1.8
Net gain on sale of investment properties		**–**	0.3
Discount on business combination		**–**	119.8
Net gain on remeasurement of equity interest		**–**	30.9
Total other income		**200.9**	204.1
Total revenue from continuing operations and other income		**1,058.1**	907.6
Net loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	8	**–**	(116.0)
Net loss on fair value of IPUC	8	**(48.1)**	(86.3)
Net loss on sale of investment properties		**(0.7)**	–
Net loss on sale of property, plant and equipment		**(0.7)**	(0.6)
Investment properties expenses		**(58.1)**	(45.9)
Hotel operating expenses		**(25.6)**	(24.5)
Cost of property development and construction		**(402.1)**	(357.7)
Employee benefits expenses		**(79.2)**	(90.1)
Depreciation and amortisation expenses		**(15.7)**	(14.9)
Impairment of loans		**(0.6)**	(0.5)
Finance costs	5	**(57.2)**	(26.2)
Loss on financial instruments		**(97.4)**	(27.3)
Selling and marketing expenses		**(16.1)**	(11.1)
Provision for loss on inventories		**(215.0)**	–
Business combination transaction costs	17	**(31.8)**	(22.0)
Other expenses		**(26.6)**	(34.8)
(Loss)/profit before income tax		**(16.8)**	49.7
Income tax benefit/(expense)		**4.4**	(0.7)
(Loss)/profit for the half year		**(12.4)**	49.0

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	**31 December 2010 $m**	Consolidated 31 December 2009 $m
(Loss)/profit for the half year		**(12.4)**	49.0
Other comprehensive income for the half year			
Increment/(decrement) on revaluation of property, plant and equipment, net of tax		**9.5**	(8.5)
Exchange differences on translation of foreign operations		**(2.2)**	2.4
Other comprehensive income, net of tax		**7.3**	(6.1)
Total comprehensive income for the half year		**(5.1)**	42.9
(Loss)/profit for the half year is attributable to:			
– Stapled securityholders of Mirvac		**(12.7)**	47.2
– Non-controlling interest ("NCI")		**0.3**	1.8
		(12.4)	49.0
Total comprehensive income for the half year is attributable to:			
– Stapled securityholders of Mirvac		**(5.4)**	41.1
– NCI		**0.3**	1.8
		(5.1)	42.9
Earnings per stapled security for (loss)/profit attributable to the stapled securityholders of Mirvac		**Cents**	Cents
Basic earnings per security	4	**(0.38)**	1.67
Diluted earnings per security	4	**(0.38)**	1.66

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

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Note	31 December 2010 $m	Consolidated 30 June 2010 $m
Current assets			
Cash and cash equivalents	16	**583.2**	582.0
Receivables		**195.9**	203.8
Derivative financial assets		**0.1**	2.0
Current tax assets		**0.6**	2.1
Inventories	6	**649.6**	573.3
Other financial assets at fair value through profit or loss		**25.3**	15.3
Assets classified as held for sale		**31.2**	53.7
Other assets		**16.4**	26.0
Total current assets		**1,502.3**	1,458.2
Non-current assets			
Receivables		**125.6**	182.2
Inventories	6	**806.8**	1,060.9
Investments accounted for using the equity method	7	**412.0**	410.6
Derivative financial assets		**8.4**	14.0
Investment properties	8	**5,359.5**	4,226.5
Property, plant and equipment		**366.7**	355.2
Intangible assets	9	**72.6**	54.9
Deferred tax assets		**163.1**	125.0
Total non-current assets		**7,314.7**	6,429.3
Total assets		**8,817.0**	7,887.5
Current liabilities			
Payables		**275.3**	340.0
Borrowings	10	**993.7**	327.7
Derivative financial liabilities		**1.0**	0.5
Provisions		**75.4**	71.9
Other liabilities		**4.6**	10.6
Total current liabilities		**1,350.0**	750.7
Non-current liabilities			
Payables		**10.4**	10.4
Borrowings	10	**1,694.2**	1,516.6
Derivative financial liabilities		**107.6**	52.4
Deferred tax liabilities		**129.2**	95.9
Provisions		**5.1**	6.1
Total non-current liabilities		**1,946.5**	1,681.4
Total liabilities		**3,296.5**	2,432.1
Net assets		**5,520.5**	5,455.4
Equity			
Contributed equity	11	**6,307.0**	6,098.8
Reserves		**120.2**	114.3
Retained earnings		**(917.7)**	(768.7)
Equity and reserves attributable to stapled securityholders of Mirvac		**5,509.5**	5,444.4
NCI		**11.0**	11.0
Total equity		**5,520.5**	5,455.4

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

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated	Attributable to stapled securityholders of Mirvac Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
Balance 1 July 2010	6,098.8	114.3	(768.7)	11.0	5,455.4
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
Long term incentive plan ("LTI plan") and Employee Incentive Scheme ("EIS") securities converted, sold or forfeited	2.1	–	–	–	2.1
Contributions of equity, net of transaction costs	204.1	–	–	–	204.1
Dividends/distributions provided for or paid	–	–	(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 at 31 December 2010	**6,307.0**	**120.2**	**(917.7)**	**11.0**	**5,520.5**
Balance 1 July 2009	5,447.4	110.5	(755.1)	64.8	4,867.6
Adjustment on change of accounting policy, net of tax	–	–	(7.1)	–	(7.1)
Total restated equity 1 July 2009	5,447.4	110.5	(762.2)	64.8	4,860.5
Total comprehensive income for the half year	–	(6.1)	47.2	1.8	42.9
Security based payment transactions	–	1.7	–	–	1.7
LTI plan and EIS securities converted, sold or forfeited	1.8	–	(0.3)	–	1.5
Contributions of equity, net of transaction costs	261.5	–	–	–	261.5
Dividends/distributions provided for or paid	–	–	(116.0)	–	(116.0)
NCI	–	6.2	–	(56.2)	(50.0)
Total transactions with owners in their capacity as owners	263.3	7.9	(116.3)	(56.2)	98.7
Balance at 31 December 2009	5,710.7	112.3	(831.3)	10.4	5,002.1

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

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	**31 December 2010 $m**	Consolidated 31 December 2009 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**904.5**	760.3
Payments to suppliers and employees (inclusive of goods and services tax)		**(775.2)**	(603.4)
		129.3	156.9
Interest received		**16.6**	14.3
Associate and joint venture dividends/distributions received		**7.7**	8.8
Dividends/distributions received		**0.3**	0.3
Borrowing costs paid		**(92.9)**	(80.3)
Income tax refund/(paid)		**1.6**	(1.3)
Net cash inflows from operating activities	16	**62.6**	98.7
Cash flows from investing activities			
Payments for property, plant and equipment		**(2.7)**	(4.8)
Proceeds from sale of property, plant and equipment		**0.1**	0.1
Payments for investment properties		**(52.9)**	(39.8)
Proceeds from sale of investment properties and assets classified as held for sale		**119.0**	39.9
Payments for loans to related entities		**(0.5)**	(1.0)
Proceeds from loans to related entities		**–**	0.6
Payments for loans to unrelated entities		**(0.5)**	(1.2)
Proceeds from loans to unrelated entities		**7.7**	2.7
Contributions to associates and joint ventures		**(5.5)**	(24.3)
Proceeds from associates and joint ventures		**52.0**	6.3
Acquisition of subsidiaries, net of cash acquired		**(228.0)**	(25.5)
Proceeds from sale of investments		**10.2**	4.4
Net cash outflows from investing activities		**(101.1)**	(42.6)
Cash flows from financing activities			
Proceeds from borrowings		**1,189.6**	200.3
Repayments of borrowings		**(1,008.5)**	(793.2)
Payments for NCI		**–**	(13.7)
Proceeds from issue of stapled securities		**–**	137.5
Contributed equity raising costs		**–**	(5.9)
Dividends/distributions paid as part of business combination		**(8.0)**	(6.3)
Dividends/distributions paid		**(133.8)**	(59.4)
Net cash inflows/(outflows) from financing activities		**39.3**	(540.7)
Net increase/(decrease) in cash and cash equivalents		**0.8**	(484.6)
Cash and cash equivalents at the beginning of the half year		**582.0**	896.5
Effects of exchange rate changes on cash and cash equivalents		**0.4**	–
Cash and cash equivalents at the end of the half year	16	**583.2**	411.9

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

1 BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with 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 interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Mirvac during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

a) Impact of standards issued but not yet applied

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

In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying of the relevant assets or liabilities. The Group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

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 cost 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 10 per cent or more 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

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

vi) Security based payment transactions

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

b) Key sources of estimation uncertainty

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

i) Inventories

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost 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 $215.0m (December 2009: $nil) 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 ("CGUs") to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the net present value ("NPV"). The carrying amount of goodwill at the end of the reporting period was $69.4m (June 2010: $44.4m). There was no impairment loss recognised during the half year (December 2009: $nil).

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

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

iv) Fair value of investments not traded in active markets

The fair value of investments not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by NPV calculations, using future cash flows and an appropriate post-tax discount rate. The carrying value of investments not traded in an active market determined using the above techniques and assumptions was $15.3m (June 2010: $15.3m) and is disclosed as other financial assets at fair value through profit or loss.

v) Carrying value of management rights

The carrying value of management rights is initially carried at fair value at the date of acquisition. Mirvac has used discounted cash flow ("DCF") analysis to assess the carrying value of the acquired management rights. During the period, there was no impairment of management rights (December 2009: $nil). The carrying value of management rights at 31 December 2010 was $3.2m (June 2010: $10.5m) and is disclosed as part of intangible assets.

vi) 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 carrying value at the end of the reporting period for investment properties was $5,359.5m (June 2010: $4,226.5m) and owner-occupied properties was $287.2m (June 2010: $272.7m).

vii) Valuation of IPUC

IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated cost to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either 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 for the half year was $48.1m (December 2009: $86.3m). The carrying value of $78.5m (June 2010: $89.5m) at the end of the reporting period is included in investment properties.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

viii) Valuation of assets acquired in business combinations
During the period, Mirvac completed the acquisition of WOP (refer to note 17). On recognising this acquisition, management used estimations and assumptions on the fair value of the assets and liabilities assumed at the date of control.

ix) Valuation of security based payment transactions
Valuation of security based payment transactions is 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 the Monte Carlo simulation option pricing model. 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.

x) 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 (which is defined below); the use of capital; and success in delivering against key performance indicators. The ELT has identified two core divisions, Investment and Development. Applying the requirements of AASB 8 *Operating Segments*, Mirvac has four reportable segments:

i) Investment
The division is made up solely of MPT which holds investments in properties covering the office, retail, industrial and hotel sectors throughout Australia, held for the purpose of producing rental income, predominately through the Trust, its subsidiary 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-aligned funds over the past two 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 Mirvac Asset Management ("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) Geographical and customer analysis
Mirvac operates predominately in Australia with investments in New Zealand, the United States of America and the United Kingdom. Materially, revenue is derived in Australia and assets are in Australia. No single customer in the current or prior corresponding period provided more than 10 per cent of the Group's revenue.

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 $m**
Revenue from continuing operations							
Investment properties rental revenue	266.4	–	2.3	–	–	(1.6)	**267.1**
Hotel operating revenue	–	83.1	–	–	–	–	**83.1**
Investment management fee revenue	–	–	10.7	–	–	(0.9)	**9.8**
Development and construction revenue	–	–	–	453.7	–	1.2	**454.9**
Development management fee revenue	–	–	–	9.3	–	0.7	**10.0**
Interest revenue	13.4	0.1	2.6	3.6	4.8	(0.2)	**24.3**
Dividend and distribution revenue	0.5	–	–	–	–	(0.2)	**0.3**
Other revenue	–	0.3	1.9	4.5	1.0	–	**7.7**
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**
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**
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**
Gain on financial instruments	11.9	–	–	–	22.3	–	**34.2**
Foreign exchange gain/(loss)	2.8	(0.2)	–	–	71.0	–	**73.6**
Net gain/(loss) on sale of investments	–	–	3.1	–	(1.6)	–	**1.5**
Total other income	113.0	(0.3)	3.2	0.3	91.9	(7.2)	**200.9**
Total revenue from continuing operations and other income	418.5	83.2	29.2	489.1	98.0	(59.9)	**1,058.1**
Net loss on fair value of IPUC	(48.1)	–	–	–	–	–	**(48.1)**
Net loss on sale of investment properties	(0.7)	–	–	–	–	–	**(0.7)**
Net loss on sale of property, plant and equipment	–	(0.7)	–	–	–	–	**(0.7)**
Investment properties expenses	(62.5)	–	(1.6)	–	–	6.0	**(58.1)**
Hotel operating expenses	–	(26.3)	–	(0.3)	–	1.0	**(25.6)**
Cost of property development and construction	–	–	–	(419.0)	–	16.9	**(402.1)**
Employee benefits expenses	–	(40.0)	(10.3)	(8.9)	(19.3)	(0.7)	**(79.2)**
Depreciation and amortisation expenses	(8.6)	(2.4)	(0.1)	(1.5)	(1.0)	(2.1)	**(15.7)**
Impairment of loans	–	–	(0.6)	–	–	–	**(0.6)**
Finance costs	(42.7)	–	(8.6)	(25.6)	(5.8)	25.5	**(57.2)**
Loss on financial instruments	–	–	–	–	(97.4)	–	**(97.4)**
Selling and marketing expenses	–	(5.2)	(0.3)	(10.6)	–	–	**(16.1)**
Provision for loss on inventories	–	–	–	(215.0)	–	–	**(215.0)**
Business combination transaction costs	(16.8)	–	–	–	(15.0)	–	**(31.8)**
Other expenses	(4.4)	(3.8)	(6.0)	(7.6)	(12.2)	7.4	**(26.6)**
Profit/(loss) before income tax	234.7	4.8	1.7	(199.4)	(52.7)	(5.9)	**(16.8)**
Income tax benefit							**4.4**
Loss for the half year							**(12.4)**
Profit attributable to NCI							**(0.3)**
Loss attributable to the stapled securityholders of Mirvac							**(12.7)**

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 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 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 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**

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2009	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Total $m
Revenue from continuing operations							
Investment properties rental revenue	179.7	–	4.8	–	–	(3.5)	181.0
Hotel operating revenue	–	76.3	–	–	–	(0.1)	76.2
Investment management fee revenue	–	–	19.8	–	–	(2.6)	17.2
Development and construction revenue	–	–	–	382.3	–	(0.4)	381.9
Development management fee revenue	–	–	0.1	18.5	–	(1.8)	16.8
Interest revenue	14.7	0.1	2.9	3.5	3.1	(0.3)	24.0
Dividend and distribution revenue	0.6	–	–	–	–	(0.3)	0.3
Other revenue	1.0	0.3	2.1	2.7	0.8	(0.8)	6.1
Inter-segment sales	27.1	–	5.2	17.7	0.8	(50.8)	–
Total revenue from continuing operations	223.1	76.7	34.9	424.7	4.7	(60.6)	703.5
Share of net profit/(loss) of associates and joint ventures accounted for using equity method	1.1	–	–	9.3	–	(3.2)	7.2
Foreign exchange gain	–	–	–	–	44.1	–	44.1
Net gain/(loss) on sale of investments	0.5	–	1.7	0.1	–	(0.5)	1.8
Net gain on sale of investment properties	0.3	–	–	–	–	–	0.3
Discount on business combination	119.8	–	–	–	–	–	119.8
Net gain on re-measurement of equity interest	25.3	–	(1.1)	–	–	6.7	30.9
Total other income	147.0	–	0.6	9.4	44.1	3.0	204.1
Total revenue from continuing operations and other income	370.1	76.7	35.5	434.1	48.8	(57.6)	907.6
Net loss on fair value of investment properties	(124.6)	–	–	(0.1)	–	8.7	(116.0)
Net loss on fair value of IPUC	(86.3)	–	–	–	–	–	(86.3)
Net loss on sale of property, plant and equipment	–	–	(0.3)	(0.3)	–	–	(0.6)
Cost of property development and construction	–	–	–	(374.6)	–	16.9	(357.7)
Investment properties expenses	(50.3)	–	–	–	–	4.4	(45.9)
Hotel operating expenses	–	(25.3)	–	(0.4)	–	1.2	(24.5)
Employee benefits expenses	–	(35.7)	(15.7)	(19.1)	(19.6)	–	(90.1)
Depreciation and amortisation expenses	(7.4)	(2.6)	(0.4)	(1.7)	(1.3)	(1.5)	(14.9)
Impairment of loans	–	–	(0.5)	–	–	–	(0.5)
Finance costs	(26.3)	–	(8.4)	(11.3)	(7.3)	27.1	(26.2)
Loss on financial instruments	0.9	–	0.1	–	(29.0)	0.7	(27.3)
Selling and marketing expenses	–	(4.4)	(0.5)	(6.2)	–	–	(11.1)
Business combination transaction costs	(22.0)	–	–	–	–	–	(22.0)
Other expenses	(2.6)	(2.8)	(12.5)	(15.3)	(7.7)	6.1	(34.8)
Profit/(loss) before income tax	51.5	5.9	(2.7)	5.1	(16.1)	6.0	49.7
Income tax expense							(0.7)
Profit for the half year							49.0
Profit attributable to NCI							(1.8)
Profit attributable to the stapled securityholders of Mirvac							47.2

3 SEGMENTAL INFORMATION (CONTINUED)

Half year ended 31 December 2009	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	51.5	5.9	(2.7)	5.1	(16.1)	6.0	(0.7)	49.0
Less: Profit attributable to NCI	(1.4)	–	–	–	–	(0.4)	–	(1.8)
Profit/(loss) attributable to the stapled securityholders of Mirvac	50.1	5.9	(2.7)	5.1	(16.1)	5.6	(0.7)	47.2
Specific non-cash items								
Net loss from fair value of investment properties (excluding owner-occupied)	124.6	–	–	0.1	–	(8.7)	–	116.0
Net loss from fair value of IPUC	86.3	–	–	–	–	–	–	86.3
Net gain on fair value of derivative financial instruments and associated foreign exchange movements	(0.9)	–	(0.1)	–	(15.0)	(0.7)	–	(16.7)
Security based payment expense	–	–	–	–	2.5	–	–	2.5
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	–	0.7	–	0.2	–	2.5	–	3.4
Straight-lining of lease revenue	(0.3)	–	–	–	–	–	–	(0.3)
Amortisation of lease incentives	5.8	–	–	–	–	(1.0)	–	4.8
Net loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net loss of associates	8.3	–	–	–	–	2.9	–	11.2
Significant items								
Net gain on sale of non-aligned assets	(0.8)	–	–	(0.1)	–	–	–	(0.9)
Discount on business combination	(119.8)	–	–	–	–	–	–	(119.8)
Net gain on remeasurement of equity interest	(25.3)	–	1.1	–	–	(6.7)	–	(30.9)
Business combination transaction costs	22.0	–	–	–	–	–	–	22.0
Tax effect								
Tax effect of specific non-cash items and significant items	–	–	–	–	–	–	4.6	4.6
Operating profit/(loss) (profit before specific non-cash items and significant items)	150.0	6.6	(1.7)	5.3	(28.6)	(6.1)	3.9	129.4

	Investment $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	**Total $m**
31 December 2010 [1]							
Total assets	7,057.8	157.7	85.2	1,970.9	165.9	(620.5)	**8,817.0**
Total liabilities	1,535.3	27.7	10.2	211.7	2,071.7	(560.1)	**3,296.5**
Investments in associates and joint ventures	213.2	–	15.4	223.6	2.1	(42.3)	**412.0**
Acquisitions of investments and property, plant and equipment	1,218.1	1.7	0.8	0.9	0.4	–	**1,221.9**
Depreciation and amortisation expenses	8.6	2.4	0.1	1.5	1.0	2.1	**15.7**
31 December 2009 [1]							
Total assets	5,403.5	140.1	129.6	2,363.0	162.1	(714.7)	7,483.6
Total liabilities	755.7	26.1	47.8	198.8	2,098.8	(645.7)	2,481.5
Investments in associates and joint ventures	211.2	–	22.6	223.9	1.9	(47.0)	412.6
Acquisitions of investments and property, plant and equipment	1,059.3	1.5	2.4	20.5	0.1	–	1,083.8
Depreciation and amortisation expenses	7.4	2.6	0.4	1.7	1.3	1.5	14.9

1) Divisional segment assets and liabilities have been adjusted to eliminate all inter-divisional balances (including inter-company balances, investment in subsidiaries and inter-company loans). Comparatives have been restated on the same basis.

4 EARNINGS PER SECURITY

		Consolidated
	31 December 2010 Cents	31 December 2009 Cents
Earnings per security		
Basic earnings per security	**(0.38)**	1.67
Diluted earnings per security[1]	**(0.38)**	1.66
	$m	$m
Basic and diluted earnings per security		
(Loss)/profit attributable to the stapled securityholders of Mirvac used in calculating earnings per security	**(12.7)**	47.2
Weighted average number of securities used as denominator[1]	**Number m**	Number m
Weighted average number of securities used in calculating basic earnings per security	**3,376.6**	2,820.8
Adjustment for calculation of diluted earnings per security		
Securities issued under EIS	**11.5**	15.7
Weighted average number of securities used in calculating diluted earnings per security	**3,388.1**	2,836.5

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

5 FINANCE COSTS

		Consolidated
	31 December 2010 $m	31 December 2009 $m
Interest and finance charges paid/payable, net of provision release	**79.7**	58.3
Amount capitalised	**(45.6)**	(39.4)
Interest capitalised in current and prior periods expensed this period, net of provision release	**22.3**	5.9
Borrowing costs amortised	**0.8**	1.4
Total finance costs	**57.2**	26.2

6 INVENTORIES[1]

		Consolidated
	31 December 2010 $m	30 June 2010 $m
Current		
Development projects		
Cost of acquisition	**430.9**	242.5
Development costs	**389.2**	368.6
Borrowing costs capitalised during development	**101.9**	70.4
Provision for loss	**(273.8)**	(109.3)
	648.2	572.2
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**42.3**	17.2
Borrowing costs capitalised during construction	**–**	–
Progress billings	**(42.3)**	(17.2)
	–	–
Hotel inventories	**1.4**	1.1
Total current inventories	**649.6**	573.3

1) Lower of cost and NRV.

6 INVENTORIES[1] (CONTINUED)

	31 December 2010 $m	Consolidated 30 June 2010 $m
Non-current		
Development projects		
Cost of acquisition	**556.2**	681.5
Development costs	**250.1**	344.5
Borrowing costs capitalised during development	**127.5**	142.9
Provision for loss	**(127.0)**	(108.0)
	806.8	1,060.9
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**–**	–
Borrowing costs capitalised	**–**	–
Progress billings	**–**	–
	–	–
Total non-current inventories	**806.8**	1,060.9
Aggregate carrying amount of inventories		
Current	**649.6**	573.3
Non-current	**806.8**	1,060.9
Total inventories	**1,456.4**	1,634.2

1) Lower of cost and NRV.

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	31 December 2010 $m	Consolidated 30 June 2010 $m
Statement of financial position			
Investments accounted for using the equity method			
Investments in associates	13	**109.6**	110.3
Investments in joint ventures	14	**302.4**	300.3
		412.0	410.6

	31 December 2010 $m	Consolidated 31 December 2009 $m
Statement of comprehensive income		
Share of net profit of associates and joint ventures accounted for using the equity method		
Investments in associates	**4.3**	2.3
Investments in joint ventures	**11.2**	4.9
	15.5	7.2

8 INVESTMENT PROPERTIES

	Date of acquisition	Book value 31 Dec 2010 $m	Book value 30 Jun 2010 $m	Capitalisation rate 31 Dec 2010 %	Capitalisation rate 30 Jun 2010 %	Discount rate 31 Dec 2010 %	Discount rate 30 Jun 2010 %	Date of last external valuation	Last external valuation $m
MPT and its controlled entities									
1 Castlereagh Street, Sydney NSW	December 1998	**72.5**	68.0	**7.50**	7.65	**9.50**	9.50	June 2010	68.0
1 Darling Island, Pyrmont, NSW	April 2004	**175.0**	163.0	**7.00**	7.25	**9.25**	9.25	December 2010	175.0
1 Hugh Cairns Avenue, Bedford Park SA [1,2]	August 2010	**17.8**	–	**9.00**	–	**10.50**	–	–	–
1 Woolworths Way, NSO, Bella Vista NSW [1,2]	August 2010	**250.0**	–	**7.75**	–	**9.00**	–	–	–
8 Chifley Square, Sydney NSW [3]	October 2009	**–**	30.0	**–**	8.25	**–**	10.00	–	–
10 Julius Avenue, North Ryde NSW [2]	December 2009	**52.7**	53.8	**8.25**	8.25	**9.75**	9.75	–	–
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	June 1994	**238.5**	242.2	**6.75-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.50	December 2010	238.5
10-20 Bond Street, Sydney NSW (50% interest) [2]	December 2009	**107.7**	92.3	**7.50**	7.50	**9.25**	9.25	December 2009	85.0
12 Cribb Street, Milton QLD [2]	December 2009	**12.6**	13.3	**9.25**	9.00	**10.25**	10.25	December 2009	13.3
12 Julius Avenue, North Ryde NSW [2]	December 2009	**22.8**	24.2	**8.50**	8.50	**9.50**	9.75	–	–
1-47 Percival Road, Smithfield NSW	November 2002	**27.5**	27.5	**8.25**	8.25	**9.75**	9.75	March 2010	27.5
189 Grey Street, Southbank QLD	April 2004	**67.5**	65.0	**7.75**	7.75	**9.25**	9.25	June 2010	65.0
19 Corporate Drive, Cannon Hill QLD [1,2]	August 2010	**23.0**	–	**9.00**	–	**10.00**	–	–	–
190 George Street, Sydney NSW	August 2003	**36.8**	36.7	**8.75**	8.50	**9.50**	9.25	December 2009	36.7
1900-2060 Pratt Boulevard, Chicago Illinois USA	December 2007	**30.8**	30.8	**8.00**	8.00	**10.00**	10.50	December 2009	33.6
191-197 Salmon Street, Port Melbourne VIC	July 2003	**102.3**	100.0	**7.75**	8.00	**9.25**	9.50	June 2010	100.0
200 George Street, Sydney NSW	October 2001	**24.8**	24.8	**8.25**	8.25	**9.50**	9.25	December 2009	24.8
271 Lane Cove Road, North Ryde NSW	April 2000	**32.5**	33.0	**8.00**	8.00	**9.50**	9.50	June 2010	33.0
275 Kent Street, Sydney NSW [1,2]	August 2010	**745.0**	–	**6.75**	–	**8.75**	–	December 2010	745.0
3 Rider Boulevard, Rhodes NSW [2]	December 2009	**76.3**	73.0	**7.75**	8.00	**9.25**	9.25	–	–
32 Sargents Road, Minchinbury NSW [2]	December 2009	**24.3**	24.1	**8.75**	8.75	**9.00**	9.25	–	–
33 Corporate Drive, Cannon Hill QLD [1,2]	August 2010	**17.8**	–	**8.75**	–	**9.25**	–	–	–
340 Adelaide Street, Brisbane QLD [2]	December 2009	**56.0**	67.0	**9.00**	9.00	**10.00**	9.50	December 2010	56.0
38 Sydney Avenue, Forrest ACT	June 1996	**35.0**	37.5	**8.50**	8.75	**9.50**	9.25	December 2010	35.0
40 Miller Street, North Sydney NSW	March 1998	**97.2**	93.5	**7.25**	7.50	**9.25**	9.25	June 2010	93.5
47-67 Westgate Drive, Altona North VIC [2]	December 2009	**19.6**	19.2	**9.50**	9.50	**10.00**	10.00	December 2009	19.0
52 Huntingwood Drive, Huntingwood NSW [2]	December 2009	**22.4**	23.0	**9.00**	9.00	**9.50**	9.50	–	–
54 Marcus Clarke Street, Canberra ACT	October 1987	**15.8**	16.0	**9.50**	9.50	**9.75**	9.75	December 2010	15.8
54-60 Talavera Road, North Ryde NSW [1,2]	August 2010	**45.0**	–	**7.50**	–	**9.50**	–	December 2010	45.0
55 Coonara Avenue, West Pennant Hills NSW [1,2]	August 2010	**99.0**	–	**8.50**	–	**9.50**	–	December 2010	99.0
64 Biloela Street, Villawood NSW	February 2004	**19.5**	21.5	**9.50**	9.50	**10.50**	10.50	September 2009	21.5
Aviation House, 16 Furzer Street, Phillip ACT	July 2007	**69.8**	67.0	**7.50**	7.75	**9.25**	9.50	June 2010	67.0
Ballina Central, Ballina NSW	December 2004	**29.0**	32.0	**8.25**	8.25	**9.75**	9.75	June 2009	34.5
Bay Centre, Pirrama Road, Pyrmont NSW	June 2001	**110.0**	97.0	**7.50**	7.50	**9.25**	9.25	June 2010	97.0
Blacktown MegaCentre, Blacktown NSW [4]	June 2002	**–**	26.0	**–**	9.25	**–**	10.00	–	–
Broadway Shopping Centre, Broadway NSW (50% interest)	January 2007	**225.0**	221.5	**6.25**	6.25	**9.00**	9.00	June 2010	221.5
Cherrybrook Village Shopping Centre, Cherrybrook NSW [2]	December 2009	**75.8**	73.8	**7.50**	7.50	**9.50**	9.50	–	–
City Centre Plaza, Rockhampton QLD [2]	December 2009	**44.0**	44.0	**8.25**	8.25	**9.75**	9.75	–	–
Como Centre, Cnr Toorak & Chapel Streets, South Yarra VIC [5]	August 1998	**123.5**	117.5	**8.25-8.75**	8.25-9.00	**9.25-11.00**	9.25-11.25	June 2009	136.8
Cooleman Court, Weston ACT [2]	December 2009	**44.0**	44.0	**7.75**	7.75	**9.50**	9.50	June 2010	44.0
Gippsland Centre, Sale VIC	January 1994	**50.3**	49.8	**8.25**	8.25	**9.50**	9.50	June 2010	49.8
Hinkler Central, Bundaberg QLD	August 2003	**88.0**	88.0	**7.75**	7.75	**9.50**	9.50	March 2009	84.0
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**52.3**	59.0	**9.00**	9.00	**9.50**	9.25	March 2009	54.0
Kawana Shoppingworld, Buddina QLD	December 1993 (50%) June 1998 (50%)	**202.6**	200.6	**6.75**	6.75	**9.25**	9.25	June 2010	200.6
Lake Haven Megacentre, Lake Haven NSW [6]	January 2007	**–**	26.5	**–**	9.75	**–**	10.25	–	–
Logan Megacentre, Logan, QLD	October 2005	**61.5**	63.0	**9.25**	9.25	**10.25**	10.25	December 2010	61.5
Moonee Ponds Central (Stage II), Moonee Ponds VIC	February 2008	**39.0**	39.0	**8.50**	8.50	**9.75**	9.75	June 2010	39.0
Moonee Ponds Central, Moonee Ponds VIC	May 2003	**23.2**	22.8	**7.75**	7.75	**9.50**	9.50	June 2010	22.8

8 INVESTMENT PROPERTIES (CONTINUED)

	Date of acquisition	Book value **31 Dec 2010 $m**	Book value 30 Jun 2010 $m	Capitalisation rate **31 Dec 2010 %**	Capitalisation rate 30 Jun 2010 %	Discount rate **31 Dec 2010 %**	Discount rate 30 Jun 2010 %	Date of last external valuation	Last external valuation $m
Morayfield SupaCentre, Morayfield QLD [2,4]	December 2009	**–**	37.5	**–**	9.75	**–**	10.50	–	–
Nexus Industry Park (Atlas), Lyn Parade, Prestons NSW	August 2004	**17.9**	17.1	**8.25**	8.25	**9.75**	9.75	September 2009	17.1
Nexus Industry Park (DeLonghi), Lyn Parade, Prestons NSW	August 2004	**21.8**	21.5	**8.50**	8.75	**9.50**	9.50	September 2009	21.5
Nexus Industry Park (HPM Legrand), Lyn Parade, Prestons NSW	August 2004	**14.8**	14.8	**8.50**	8.75	**9.75**	9.50	December 2010	14.8
Nexus Industry Park (NatSteel), Lyn Parade, Prestons NSW	August 2004	**12.3**	12.0	**8.50**	8.75	**9.25**	9.50	March 2009	12.5
Orange City Centre, Orange NSW	April 1993	**49.0**	49.0	**8.25**	8.25	**9.25**	9.25	June 2010	49.0
Orion Springfield Town Centre, Springfield, QLD	August 2002	**136.0**	143.0	**6.75**	6.75	**9.25**	9.00	December 2010	136.0
Peninsula Lifestyle, Mornington VIC	December 2003	**45.0**	46.0	**9.75**	9.25	**10.25**	10.00	December 2010	45.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	November 1989	**29.0**	28.5	**8.50**	8.50	**10.25**	10.25	June 2009	37.0
Rhodes Shopping Centre, Rhodes NSW (50% interest)	January 2007	**102.0**	99.0	**7.00**	7.00	**9.25**	9.25	June 2010	99.0
Riverside Quay, Southbank VIC	April 2002 & July 2003	**163.2**	151.2	**7.75-8.25**	8.00-8.25	**9.50-10.25**	9.50-10.25	June 2010	151.2
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	October 1995 (50%) April 2001 (50%)	**106.6**	104.0	**8.00**	8.25	**9.00**	9.25	June 2009	101.5
St George Centre, 60 Marcus Clarke Street, Canberra ACT	September 1989	**51.5**	51.5	**8.75**	8.50	**9.00**	9.00	June 2009	52.0
Sirius Building, 23 Furzer Street, Phillip ACT	February 2010	**233.0**	225.0	**7.25**	7.25	**9.25**	9.25	June 2010	225.0
St Marys Village Centre, St Marys NSW	January 2003	**43.0**	42.3	**7.75**	7.75	**9.50**	9.25	December 2010	43.0
Stanhope Village, Stanhope Gardens NSW	November 2003	**62.0**	59.0	**7.75**	7.75	**9.25**	9.25	June 2010	59.0
Taree City Centre, Taree NSW [2]	December 2009	**55.0**	55.5	**8.00**	8.00	**9.50**	9.50	–	–
Waverley Gardens Shopping Centre, Mulgrave VIC	November 2002	**127.0**	127.0	**7.75**	7.75	**9.25**	9.25	June 2010	127.0
Mirvac Limited and its controlled entities									
Forestry land [7]	March 2004	**59.5**	59.5	**–**	–	**–**	–	June 2010	59.5
5 Rider Boulevard, Rhodes NSW	January 2007	**112.0**	108.0	**7.75**	8.00	**9.75**	9.75	February 2009	107.0
Manning Mall, Taree, NSW	December 2006	**34.7**	34.7	**8.50**	8.50	**9.50**	9.50	December 2009	32.8
Total investment properties		**5,281.0**	4,137.0						
IPUC									
4 Dalley Street & Laneway, Sydney NSW	March 2004	**–**	–	**6.75**	6.75	**9.25**	9.25	December 2009	–
8 Chifley Square, Sydney NSW [3]	October 2009	**36.5**	–	**6.50**	–	**9.25**	–	December 2010	36.5
Network, Old Wallgrove Road, Eastern Creek NSW [2, 4]	December 2002	**–**	6.0	**–**	–	**–**	–	–	–
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	August 2004	**9.0**	8.5	**7.88**	8.25	**9.50**	9.75	December 2010	9.0
Orion Springfield land, Springfield QLD	August 2002	**33.0**	75.0	**6.50-9.25**	6.25-9.00	**9.25-10.75**	9.00	December 2010	33.0
Total IPUC		**78.5**	89.5						
Total investment properties and IPUC		**5,359.5**	4,226.5						

1) Investment properties acquired through business combination during this period.
2) Date of acquisition represents business combination acquisition date.
3) The property was reclassified from investment properties to IPUC at December 2010.
4) Investment properties disposed of during the period.
5) External valuation is based on the Como Centre including the hotel. The Group book value of the Como Centre excludes the hotel, as the hotel is classified as property, plant and equipment.
6) Investment properties reclassified as assets held for sale during the period.
7) Forestry land represents multiple land holdings which are valued by using a combination of comparable sales and DCF projections.

8 INVESTMENT PROPERTIES (CONTINUED)

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

	Consolidated	
At fair value	**31 December 2010 $m**	30 June 2010 $m
Balance 1 July	**4,226.5**	3,210.1
Additions	**65.4**	309.3
Additions resulting from business combination	**1,152.7**	822.2
Disposals	**(69.9)**	(146.9)
Net gain/(loss) on fair value	**28.0**	(98.6)
Net loss from foreign currency translation	**(5.0)**	(2.1)
Transfers to assets classified as held for sale	**(27.8)**	(53.7)
Transfers from inventories and property, plant and equipment	**–**	205.4
Amortisation of fit out costs, leasing costs and lease incentives	**(10.4)**	(19.2)
Balance 31 December/30 June	**5,359.5**	4,226.5

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

b) Amounts recognised in profit or loss for investment properties

	Consolidated	
	31 December 2010 $m	31 December 2009 $m
Investment properties rental revenue	**267.1**	181.0
Investment properties expenses	**(58.1)**	(45.9)
	209.0	135.1

c) Valuation basis

i) Investment properties

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

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

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

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

ii) IPUC

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

8 INVESTMENT PROPERTIES (CONTINUED)

d) Property portfolio

Mirvac's property portfolio is made up as follows:

	Consolidated	
	31 December 2010 $m	30 June 2010 $m
Investment properties per statement of financial position	**5,359.5**	4,226.5
Properties classified as assets held for sale	**31.2**	53.7
Owner-occupied hotel management lots classified as property, plant and equipment	**58.2**	59.3
Owner-occupied freehold hotels classified as property, plant and equipment	**69.4**	61.5
Owner-occupied administration properties classified as property, plant and equipment	**217.8**	211.2
	5,736.1	4,612.2

9 INTANGIBLE ASSETS

	Management rights $m	Goodwill $m	**Total $m**
Balance 1 July 2010	10.5	44.4	**54.9**
Acquisition of subsidiaries[1]	–	26.7	**26.7**
Disposal of subsidiaries	(7.3)	(1.7)	**(9.0)**
Balance 31 December 2010	**3.2**	**69.4**	**72.6**
Balance 1 July 2009	13.1	45.5	58.6
Disposal of subsidiaries	(1.5)	(1.1)	(2.6)
Extinguished as part of business combination	(1.1)	–	(1.1)
Balance 30 June 2010	10.5	44.4	54.9

1) Acquisition of WOP $25.5m (refer to note 17) and acquisition of remaining interest in North Ryde Office Trust ("NROT") $1.2m (refer to note 17).

a) Allocation of intangible assets by business 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]	–	–	3.2	**3.2**
Goodwill	63.1	6.3	–	**69.4**
Balance 31 December 2010	**63.1**	**6.3**	**3.2**	**72.6**
Management rights — indefinite life[1]	–	–	10.5	10.5
Goodwill	38.1	6.3	–	44.4
Balance 30 June 2010	38.1	6.3	10.5	54.9

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.

9 INTANGIBLE ASSETS (CONTINUED)

b) Key assumptions used for value in use calculations for goodwill and other intangible assets
The recoverable amount of CGUs is determined using the higher of fair value less cost to sell, and 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 post-tax and reflect specific risks relating to the relevant segments and the countries in which they operate. A terminal growth rate of three per cent has also been applied.

CGU	**Growth rate [1] 31 December 2010 %**	**Discount rate 31 December 2010 %**	Growth rate [1] 30 June 2010 %	Discount rate 30 June 2010 %
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 investment properties.

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

c) Impairment of goodwill
There was no impairment of goodwill (June 2010: $nil).

d) Impairment of management rights
During the half year, the carrying value of management rights attributable to the Investment Management CGU was not impaired (June 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.

10 BORROWINGS

			Consolidated
	Note	**31 December 2010 $m**	30 June 2010 $m
Current			
Unsecured			
Bank loans	10a) i)	**453.6**	92.9
Domestic MTN	10a) ii)	**–**	200.0
Secured			
Bank loans	10a) iii)	**32.5**	32.5
Commercial Mortgage-Backed Securities ("CMBS")	10a) iv)	**505.0**	–
Lease liabilities	10a) v)	**2.6**	2.3
		993.7	327.7
Non-current			
Unsecured			
Bank loans	10a) i)	**955.0**	905.0
Domestic MTN	10a) ii)	**350.0**	150.0
Foreign MTN	10a) vi)	**379.0**	450.0
Secured			
Lease liabilities	10a) v)	**10.2**	11.6
		1,694.2	1,516.6

10 BORROWINGS (CONTINUED)

a) Borrowings

i) Unsecured bank loans
Mirvac has an unsecured syndicated loan facility of $1,917.5m (June 2010: $1,917.5m) comprising a $1,112.5m (June 2010: $1,112.5m) revolving tranche maturing in June 2011 and $805.0m (June 2010: $805.0m) term tranche maturing in January 2012. Mirvac has $200.0m (June 2010: $200.0m) of unsecured bilateral facilities, of which $50.0m expires in June 2011 and $150.0m in April 2013. Subject to compliance with the terms, each of these bank loan facilities may be drawn at any time. Refer to note 18 for details of refinancing since the reporting date.

ii) Domestic MTN
Mirvac has a domestic bond issue of $150.0m maturing in March 2015. In addition, a new domestic bond issue was completed in September 2010 for $200.0m 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
A subsidiary has secured bank facilities totalling $32.5m (June 2010: $32.5m) which mature in February 2011.

iv) CMBS
Commercial notes of $505.0m (June 2010: $nil) which have a scheduled maturity date of 16 November 2011. At expiry, the CMBS will be repaid from cash. These were recognised as a result of the WOP acquisition (refer to note 17).
The debt is cash collateralised (refer to note 16 for more details).

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 dollar 275.0m maturing in November 2016 and US dollar 100.0m maturing in November 2018. An additional Australian dollar 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 dollars floating rate coupons through cross currency principal and interest rate swaps.

b) Financing arrangements

	Consolidated	
	31 December 2010 $m	30 June 2010 $m
Total facilities		
Unsecured bank loans	**2,117.5**	2,117.5
Domestic MTN	**350.0**	350.0
Secured bank loans	**32.5**	32.5
CMBS	**505.0**	–
Foreign MTN	**379.0**	450.0
	3,384.0	2,950.0
Used at the end of the reporting period		
Unsecured bank loans	**1,408.6**	997.9
Domestic MTN	**350.0**	350.0
Secured bank loans	**32.5**	32.5
CMBS	**505.0**	–
Foreign MTN	**379.0**	450.0
	2,675.1	1,830.4
Unused at the end of the reporting period		
Unsecured bank loans	**708.9**	1,119.6
Domestic MTN	**–**	–
Secured bank loans	**–**	–
CMBS	**–**	–
Foreign MTN	**–**	–
	708.9	1,119.6

11 CONTRIBUTED EQUITY

a) Paid up equity

Consolidated	31 December 2010 Securities m	30 June 2010 Securities m	31 December 2010 $m	Consolidated 30 June 2010 $m
Mirvac Limited – ordinary shares issued	**3,404.3**	3,254.8	**1,242.3**	1,223.7
MPT – ordinary units issued	**3,404.3**	3,254.8	**5,064.7**	4,875.1
Total contributed equity			**6,307.0**	6,098.8

b) Movements in paid up equity

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

Consolidated	Issue date	Issue price $	securities m	Consolidated securities $m
Balance 1 July 2010			3,254.8	6,098.8
Acquisition of WOP	4 August 2010	1.37	149.0	204.1
EEP issues vested	–	–	–	2.0
LTIP/LTI plan and EIS securities converted, sold or forfeited	26 August 2010	4.19	0.5	2.1
Balance 31 December 2010			**3,404.3**	**6,307.0**

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

12 DIVIDENDS/DISTRIBUTIONS

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

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

13 INVESTMENTS IN ASSOCIATES

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

		Interest		Consolidated	
Name of entity	Principal activities	**31 December 2010 %**	30 June 2010 %	**31 December 2010 $m**	30 June 2010 $m
Archbold Road Trust	Non-residential development	**20**	20	**–**	–
BAC Devco Pty Limited[1]	Non-residential development	**33**	33	**–**	–
Mirvac City Regeneration Partnership	Non-residential development	**25**	25	**–**	–
Mindarie Keys Joint Venture[2]	Residential development	**15**	15	**0.5**	0.7
Mirvac Industrial Trust[3]	Listed property investment trust	**14**	14	**–**	–
Mirvac Wholesale Hotel Fund	Hotel investment	**49**	49	**109.1**	109.6
New Forests Pty Limited[4]	Forestry and environmental asset	**13**	13	**–**	–
				109.6	110.3

1) This entity entered into voluntary administration on 14 May 2010.

2) 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 subsidiary of the Group is the project manager of this investment.

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 subsidiary of the Group is the responsible entity for the fund.

4) 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 the company is manager of the fund. A subsidiary of the Group is the trustee for the fund and the Group also has a seat on the Board.

All associates were established or incorporated in Australia with the exception of Mirvac City Regeneration Partnership which was established in the United Kingdom.

14 INVESTMENTS IN JOINT VENTURES

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

		Interest		Consolidated	
Name of entity	Principal activities	**31 December 2010 %**	30 June 2010 %	**31 December 2010 $m**	30 June 2010 $m
Australian Centre for Life Long Learning	Non-residential development	**50**	50	**–**	–
Bankstown Airport Development Pty Ltd	Non-residential development	**50**	50	**–**	–
BL Developments Pty Ltd	Residential development	**50**	50	**48.9**	47.1
City West Property Investments (No.1) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.2) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.3) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.4) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.5) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.6) Trust	Non-residential development	**50**	50	**9.3**	9.2
CN Collins Pty Limited	Non-residential development	**50**	50	**0.2**	0.2
Domaine Investment Trust	Non-residential development	**50**	50	**–**	–
Ephraim Island Joint Venture	Residential development	**50**	50	**14.1**	14.3
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	Non-residential development	**50**	50	**27.1**	27.1
HPAL Freehold Pty Ltd	Non-residential development	**50**	50	**–**	7.4
Infocus Infrastructure Management Pty Ltd	Investment property	**50**	50	**1.4**	1.2
J F Infrastructure Pty Ltd	Infrastructure	**50**	50	**–**	–
Leakes Rd Rockbank Unit Trust	Residential development	**50**	50	**13.7**	13.8
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	Residential development	**50**	50	**1.0**	1.0
Mirvac Wholesale Residential Development Partnership Trust	Residential development	**20**	20	**18.0**	16.3
MVIC Finance 2 Pty Limited	Residential development	**50**	50	**–**	–
New Zealand Sustainable Forestry Investors 1 & 2	Forestry and environmental asset	**33**	33	**7.0**	8.4
Quadrant Real Estate Advisors LLC[1]	Investment property	**50**	50	**2.4**	2.7
Swanbourne Joint Venture	Residential development	**50**	50	**7.3**	7.0
Tucker Box Holdings Pty Limited	Hotel investment	**50**	50	**105.5**	98.6
Walsh Bay Partnership	Residential development	**50**	50	**–**	–
				302.4	300.3

1) The carrying amount reflects the Group's entitlement to the net assets independent of its financial position.

15 CONTINGENT LIABILITIES

The Group had contingent liabilities at 31 December 2010 in respect of the following:

	Consolidated 31 December 2010 $m	Consolidated 30 June 2010 $m
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	**76.9**	60.3
Asset performance guarantees. The Group has provided guarantees to owners of some managed assets as to the future performance of these assets	**3.1**	1.5
Claims for damages in respect of injury sustained due to health and safety issues have been made during the half year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful against the Group, they would result in a liability	**1.6**	0.3

16 NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 31 December 2010 $m	Consolidated 31 December 2009 $m
a) Reconciliation of cash		
Cash at the end of the half year as shown in the statement of cash flows is the same as the statement of financial position, the detail of which follows:		
Cash on hand	**–**	0.2
Cash at bank	**77.7**	151.2
Deposits at call	**0.4**	260.5
Unrestricted cash	**78.1**	411.9
Cash collateralisation [1]	**505.1**	–
Cash and cash equivalents	**583.2**	411.9

1) Cash collateralisation amount represents cash held on term deposit for the purposes of meeting obligations in relation to CMBS which have a scheduled maturity date of 16 November 2011; these arose as a result of the acquisition of WOP (refer to note 17).

16 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

	Consolidated	
	31 December 2010 $m	31 December 2009 $m
b) Reconciliation of (loss)/profit attributable to stapled securityholders of Mirvac to net cash inflows from operating activities		
(Loss)/profit attributable to stapled securityholders of Mirvac	**(12.7)**	47.2
Share of net gain of associates and joint ventures not received as dividends/distributions	**(15.5)**	(7.2)
Net (gain)/loss on fair value adjustments of investment properties and owner-occupied hotel management lots and freehold hotels	**(76.1)**	116.0
Unrealised gain on foreign exchange	**(73.6)**	(44.1)
Net gain on sale of investments	**(1.9)**	(1.8)
Net (gain)/loss on sale of investment properties	**0.7**	(0.4)
Discount on business combination and net gain on remeasurement of equity interest	**–**	(150.7)
Net loss on fair value adjustments of IPUC	**48.1**	86.3
Net loss on sale of property, plant and equipment	**0.7**	0.6
Security based payment expense	**2.7**	2.5
Depreciation and amortisation expenses	**15.7**	14.9
Impairment of loans	**0.6**	0.5
Unrealised loss on financial instruments	**63.2**	28.4
Provision for loss on inventories	**215.0**	–
Business combination transaction costs	**31.8**	22.0
Distributions from associates and joint ventures	**7.7**	8.8
Change in operating assets and liabilities, net of effects from purchase of subsidiaries:		
– Increase/(decrease) in income taxes payable	**1.5**	(1.0)
– Decrease in tax effected balances	**(4.9)**	(0.2)
– Decrease in receivables	**0.8**	15.6
– Increase in inventories	**(48.5)**	(17.7)
– (Increase)/decrease in other assets/liabilities	**(4.5)**	26.2
– Increase in financial assets	**–**	(15.3)
– Decrease in payables	**(87.8)**	(42.0)
– (Decrease)/increase in provisions for employee benefits	**(0.4)**	10.1
Net cash inflows from operating activities	**62.6**	98.7

17 ACQUISITION OF BUSINESSES

a) Acquisition of WOP

i) Summary of acquisition

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

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

Purchase consideration	Note	**$m**
Cash paid	17a) iv)	**200.0**
Securities issued	17a) vi)	**204.1**
Total purchase consideration		**404.1**

17 ACQUISITION OF BUSINESSES (CONTINUED)

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

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

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

ii) Revenue and profit contribution

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

If the acquisition had occurred on 1 July 2010, consolidated total revenue from continuing operations and other income and consolidated loss for the Group for the half year ended 31 December 2010 would have been $1,067.2m and $19.5m respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the Group to reflect the additional amortisation of lease incentives in respect of investment properties that would have been charged assuming the fair value adjustments to investment properties.

iii) Contingent consideration

There is no contingent consideration as part of this transaction.

iv) Purchase consideration — cash outflow on acquisition

	Consolidated	
	31 December 2010 $m	30 June 2010 $m
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**(200.0)**	–
Less: Balance acquired	**25.1**	–
	(174.9)	–
Direct costs relating to acquisition	**(30.8)**	–
Outflow of cash — investing activities	**(205.7)**	–
Total outflow of cash to acquire subsidiary	**(205.7)**	–

v) Acquisition related costs

Acquisition related costs of $31.8m were incurred (comprising $16.8m of transaction costs relating directly to the acquisition, including post acquisition write off of $1.0m for prepaid borrowing costs on extinguishing WOP's borrowing facilities and $15.0m for Westpac Banking Corporation giving up its opportunity to earn future management fees).

vi) Securities issued

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

vii) Acquisition of remaining interest in North Ryde Office Trust ("NROT")

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

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

18 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

a) Queensland floods

Mirvac experienced limited impact to its residential projects and investment assets across Queensland as a result of the recent flood crisis.

The Group continues to monitor the actual and potential impacts of the floods and at the present time there is no evidence they will have a material impact.

b) Queensland Cyclone Yasi

The Group has five hotels and resorts in Cairns, Palm Cove and Port Douglas, some of which were closed for a short period of time. Only limited damage was sustained.

The cyclone may impact future trading levels at the hotels in the region; the Group continues to monitor the impact and at the present time there is no evidence it will have a material impact.

c) Debt refinancing

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

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

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

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

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

d) Other circumstances

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 06 to 31 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 2010 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
22 February 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MIRVAC LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Mirvac Limited (the company), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Mirvac Group (the consolidated entity). The consolidated entity comprises both 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 Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mirvac 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

PRICEWATERHOUSECOOPERS

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

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

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mirvac 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 2010 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
22 February 2011