MIRVAC GROUP / 06.02.2020

1H20 Interim Report

Mirvac Group Interim Report

For the half year ended 31 December 2019

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).

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About this report

This Interim Report 2020 is a consolidated summary of Mirvac Group's operational and financial performance for the half year ended 31 December 2019.

In this report, unless otherwise stated, references to 'Mirvac', 'Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to Mirvac Limited and its controlled entities, as a whole. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities.

References to a 'half year' refer to the period between 1 July 2019 and 31 December 2019. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

The consolidated financial statements included in this report were authorised for issue by the Directors on 6 February 2020. The Directors have the power to amend and reissue the financial statements. This Interim Report does not include all the information and disclosures usually included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report 2019 and any public announcements made by Mirvac during the interim reporting period. Mirvac's Interim Report can be viewed on, or downloaded from, Mirvac's website, www.mirvac.com.

About us

Mirvac is a leading, integrated urban property group, principally located in Australia's four key cities of Sydney, Melbourne, Brisbane and Perth.

We own and manage assets across the office, industrial and retail sectors, with over $23bn of assets under management. Our development activities allow us to create and deliver innovative and high-quality commercial assets and residential communities for our customers, while driving long-term value for our stapled securityholders.

Our integrated approach gives us a competitive advantage across the entire lifecycle of a project; from planning through to design, development and construction, leasing, property management and long-term ownership.

Meanwhile, our purpose, to Reimagine Urban Life, inspires us to think about how we can redefine the urban landscape and create more sustainable, connected and vibrant environments for our customers, leaving a lasting legacy for generations to come.

Established in 1972, Mirvac has over 48 years of experience in the property industry and an unmatched reputation for delivering superior products and services across our businesses.

Review of operations and activities

FINANCIAL REVIEW

Mirvac continues to extend its growth trajectory, delivering earnings before interest and tax for the half year ended 31 December 2019 of $460m, up 18 per cent on the prior corresponding period. The Group is pleased to reaffirm operating earnings guidance of between 17.6 and 17.8 cents per stapled security for FY20.

Key financial highlights for the half year ended 31 December 2019:

- operating profit after tax of $352m[1] (December 2018: $290m), an increase of 21 per cent driven by a strong 1H Residential settlement profile;
- profit attributable to stapled securityholders of $613m (December 2018: $648m), a decrease of 5 per cent as a result of a reduction in net valuation gains on investment properties;
- operating cash inflow of $354m (December 2018: $167m);
- net tangible assets (NTA) per stapled security[2] increased 3 per cent to $2.58 (June 2019: $2.50); and
- half year distributions of $240m, representing 6.1 cents per stapled security.

Key capital management highlights for the half year ended 31 December 2019:

- gearing is at the lower end of the Group's target range of 20 to 30 per cent at 20.8 per cent[3];
- substantial available liquidity of $944m in cash and committed undrawn bank facilities held;
- weighted average debt maturity of 7.7 years;
- reduced average borrowing costs to 4.5 per cent per annum as at 31 December 2019 (June 2019: 4.8 per cent), including margins and line fees;
- maintained an A- rating with a stable outlook from Fitch Ratings; and
- maintained an A3 rating with a stable outlook from Moody's Investors Service (equivalent to A-).

GROUP OUTLOOK[4]

Mirvac's strong performance during the first half positions it well for the remainder of the year. Our transformational urban strategy will continue to deliver a secure and growing distribution, driven by the passive income stream from our $12bn modern investment portfolio and future contributions from our investment development pipeline.

The office portfolio is expected to continue to benefit from the solid fundamentals of the Sydney inner urban and Melbourne CBD markets. At the same time, we will continue to deliver disciplined growth through our proven asset creation capability and highly visible residential cash flows, with approximately $1.2bn[5] of residential pre-sales and a strong embedded margin.

Mirvac remains focused on prudently managing its capital position by monitoring and accessing diversified sources of capital, including equity, domestic and international debt and wholesale capital. This focus will help to ensure the Group can continue to meet its strategic objectives without increasing its overall capital management risk profile.

Mirvac will continue to enhance its capabilities as a leading Australian property group by concentrating on a secure income stream from its investment portfolio. It is this passive income stream which underpins Group distributions and achieves an appropriate return on invested capital as a result of its development activities. It also positions Mirvac for the future by enabling the Group to invest in safety, technology, innovation, sustainability and its people.

GROUP RISK MANAGEMENT

As a property group involved in property investment, residential and commercial development and investment management, Mirvac faces a number of risks throughout the business cycle. These risks have the potential to affect the achievement of the Group's targeted financial outcomes. Mirvac's risk management policy and framework is integrated with its day-to-day business processes and is supported by a dedicated Group Risk function. For the half year ended 31 December 2019, the Group continued to ensure internal and external risks were identified and appropriate strategies were implemented to manage the impact of those risks. In light of the coronavirus outbreak, we are closely monitoring all information from the Australian and state government Department's of Health and the World Health Organization (WHO) and will respond appropriately to ensure the health and safety of our people, tenants and customers.

OFFICE & INDUSTRIAL HIGHLIGHTS

With approximately $16bn of office and industrial assets under management, Mirvac is one of the largest listed managers of office and industrial assets in the country. Our proven asset creation capability continues to deliver award-winning buildings, improve the quality of our investment portfolio and drive increasing active and passive earnings for the Group.

During the period, we extended our pipeline of active and future office and industrial developments to an expected $8.5bn[6], including the $800m, mixed-use Waterloo Metro Quarter, Sydney in partnership with John Holland and Flinders West, Melbourne.

Over 96 per cent of Mirvac's office portfolio is prime or A-grade office assets and it has an 85 per cent exposure to our preferred Sydney and Melbourne markets. It is also one of the youngest, lowest cap-ex portfolios in the country. As a result, Mirvac is ideally placed to take advantage of the favourable office conditions and low vacancy rates being enjoyed within CBD and inner urban locations.

Mirvac's industrial portfolio is 100 per cent weighted to Sydney. During the half, the Group continued to progress its development pipeline including future flagship logistics hubs at Elizabeth Enterprise, Badgerys Creek, Aspect, Kemps Creek and 300 Manchester Road, Auburn. These sites are ideally placed to service the increasing demand for prime industrial facilities close to transport, and within last mile locations, driven by the growth of e-commerce in Australia.

For the half year ended 31 December 2019, Mirvac's Office & Industrial division delivered earnings before interest and tax of $251m.

1. Excludes specific non-cash items and related taxation. The December 2018 operating profit after tax has been restated to align with the new operating profit definition adopted by the Group from 1 July 2018.
2. NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.
3. Net debt (at foreign exchange hedged rate) excluding leases (total tangible assets – cash).
4. These statements are future looking and based on our reasonable belief at the time they were made.
5. Adjusted for Mirvac's share.
6. Represents 100 per cent of expected end value.

Key office highlights for the half year ended 31 December 2019:

- occupancy of 98.5 per cent[1], with a WALE of 6.9 years[2];
- like-for-like net operating income growth of 5.6 per cent (December 2018: 5.4 per cent);
- total office asset revaluations of $208m, supported by a high exposure to prime assets in Sydney and Melbourne, representing a 3.0 per cent uplift over the previous book value for the six months to 31 December 2019;
- over 33,000 square metres[3] of leasing activity completed;
- leasing spreads of 15.1 per cent; and
- incentives of 19.9 per cent (June 2019: 15.6 per cent).

During the half year, Mirvac progressed its committed $3.1bn office development pipeline, which is 91 per cent pre-leased. Project updates are as follows, as Mirvac:

- moved to finalisation of the development at Olderfleet, 477 Collins Street, Melbourne. The 38-level building is now 97 per cent pre-committed to leading tenants including Norton Rose Fulbright, Lander & Rogers, Urbis and anchor tenant Deloitte. The team is on track to achieve practical completion in mid-2020;
- progressed with the construction of Building 2, South Eveleigh, Sydney including the installation of the roof, atrium and skylights. The building is 100 per cent pre-committed to Commonwealth Bank of Australia and due for completion in mid-2020;
- completed demolition works at the Locomotive Workshops, South Eveleigh, Sydney. 78 per cent of the office space is now pre-committed, as well as 60 per cent of the retail space, with completion due in 2H21; and
- progressed construction of Suncorp's new headquarters at 80 Ann Street, Brisbane. The 60,000-square metre office precinct is 80 per cent pre-committed and practical completion remains on track for FY22.

OFFICE MARKET OUTLOOK[4]

Levels of demand moderated in major office markets towards the end of 2019, as occupiers showed caution and less business confidence. White collar employment growth is expected to remain subdued over the next year though the major office markets are supported by tight levels of prime grade vacancy.

According to JLL, the weakness in Sydney CBD net absorption has been concentrated in secondary grade buildings, which have recorded six consecutive quarters of negative net absorption. As such, Sydney prime grade vacancy is tighter than secondary grade (4.8 per cent and 5.3 per cent respectively). In Melbourne CBD, the bifurcation in tenant demand between upper and lower quality stock is even more pronounced with prime vacancy almost negligible at just 1.8 per cent versus secondary grade at 6.5 per cent[5].

Rents in prime grade stock in Sydney and Melbourne have held up with net face rents achieving well in excess of inflation. This is expected to ease in the next few years, as the next wave of supply completes. In Brisbane and Perth, prime rents continue to slowly improve as vacancy for prime buildings is almost half of the secondary grade market.

OFFICE RISK MANAGEMENT

Mirvac has one of the youngest office portfolios in Australia with a high exposure to Sydney and Melbourne, Australia's deepest and most attractive office markets for both tenants and investors. This ensures it is well placed to capture demand from high-quality tenants. Mirvac monitors movements in both supply and demand and has an internal strategic forecasting process to optimise leasing decisions. Having a young and modern office portfolio also ensures Mirvac's capital expenditure on its assets is expected to remain relatively lower than that of our AREIT peers. In terms of office developments, the Group manages uncertainty around tenant demand in a number of ways, such as substantially pre-letting development projects ahead of construction and by partially selling down office developments to capital partners in advance of completion.

Key industrial highlights for the half year ended 31 December 2019:

- occupancy at 100 per cent[6], with a WALE of 7.4 years[7];
- like-for-like net operating income growth of 3.1 per cent (December 2018: 10.3 per cent); and
- over 21,600 square metres of leasing activity completed.

During the half year, Mirvac progressed its $1.2bn[8] industrial development pipeline. Project updates are as follows, as Mirvac:

- submitted a Development Application for the masterplan of a new industrial led employment precinct at 300 Manchester Road, Auburn, Sydney. Mirvac anticipates that the site will cater for a broad range of industrial occupiers, capitalising on the growth of e-commerce and include small scale local amenities such as a local café;
- progressed the rezoning of Aspect, Kemps Creek, Sydney with the NSW Government releasing the Draft Structure Plan to include the site as part of an extension to the Western Sydney Employment Area. The 56-hectare estate has the potential to deliver approximately 255,000 square metres of premium, flexible warehousing and office space located within the Western Sydney Aerotropolis with close proximity to future infrastructure upgrades; and
- progressed the rezoning of Elizabeth Enterprise Precinct, Badgerys Creek, Sydney with the NSW State Government releasing the Draft Aerotropolis State Environmental Planning Policy (SEPP) including the site in a priority precinct.

INDUSTRIAL MARKET OUTLOOK[4]

Australia has not been immune to the slowdown in global trade, industrial production and business sentiment that occurred through 2019. While gross leasing activity in the major east coast industrial markets has been at a lower level than in recent years, the structural drivers of industrial, particularly in Sydney, remain in place. E-commerce continues to grow at strong levels as measured by the Australian Bureau of Statistics[9] and NAB[10] and over $30 billion in committed new road and transport infrastructure investment will directly support activity in the Western Sydney industrial submarkets. Moreover, a shortage of new supply in Sydney remains and as such rents continue to grow.

1. By area, including investments in joint ventures and excluding assets held for development.
2. By income, including investments in joint ventures and excluding assets held for development.
3. Excludes leasing of assets under development.
4. These statements are future looking and based on our reasonable belief at the time they were made.
5. REIS, JLL Research.
6. By area.
7. By income.
8. Represents 100 per cent of expected end value of committed and uncommitted future developments subject to planning.
9. ABS Cat 8501.0.
10. NAB Online Retail Sales Index.

Review of operations and activities

continued

INDUSTRIAL RISK MANAGEMENT

Continued strength in investor demand for prime-grade industrial assets in key locations is resulting in strong investor demand for quality assets in major markets like Sydney. In this environment Mirvac retains a focus on creating new, high-quality and well located assets, generating secure cash flow profiles. Mirvac continues to focus on properties based on proximity to infrastructure, long lease terms and secure cash flow profiles while also considering the rapid growth of e-commerce and renewed focus from tenants for faster, more efficient supply chain fulfilment.

RETAIL HIGHLIGHTS

Mirvac owns and manages a dynamic portfolio of urban shopping centres across Australia's eastern seaboard with assets under management of over $4.6bn. The portfolio is focused on higher income, higher growth and densely populated urban catchment areas, with a high exposure to the strong Sydney market. Incorporating approximately 440,000 square metres of space and more than 1,600 retailers, Mirvac's intricate understanding of its local markets enables the Retail team to constantly improve the experience of their customers.

For the half year ended 31 December 2019, the retail portfolio delivered operating earnings before interest and tax of $83m.

Key retail highlights for the half year ended 31 December 2019:

- occupancy of 99 per cent (June 2019: 99.2 per cent);
- achieved comparable MAT sales growth of 2.8 per cent and comparable specialty sales growth of 2.4 per cent;
- comparable specialty sales productivity of over $10,000 per square metre;
- specialty occupancy costs of 14.8 per cent, (June 2019: 15.5 per cent); and
- executed approximately 29,300 square metres of leasing activity, with leasing spreads of 1.4 per cent.

The Group's retail development and repositioning pipeline progressed during the half year, as Mirvac:

- completed the sale of St Marys Village, Sydney for $68m, reflecting a 36 per cent premium to its 30 June 2019 book value; and
- completed the $43m, 4,500-square metre redevelopment at Toombul, Brisbane, including the new UPSTAIRS dining and entertainment precinct. The offer includes an arcade and bowling bar by Archie Brothers Cirque Electriq, a refurbished BCC Recline premium cinema and an authentic mix of local and first-to-Brisbane food and beverage operators including Little Red Dumpling, Dapple + Waver, Jackpot Dining and Niku Ramen.

RETAIL MARKET OUTLOOK [1]

While the headwind of the declining wealth effect has dissipated with a turnaround in housing markets, other factors have seen consumer confidence weaken and the retail environment remains challenging. Structural changes around consumer expectation and demand for experiences over a transaction are reshaping the urban environments. Overall, catchments with progressive consumers, growing and dense populations, as well as low unemployment, will continue to attract better quality tenants.

RETAIL RISK MANAGEMENT

The retail environment remains highly competitive with the growth outlook challenged by subdued consumer sentiment, changing consumer preferences and a constrained lending environment. Mirvac continues to manage its retail portfolio effectively by actively adapting to changing market dynamics. This active management has seen an increased weighting towards more progressive, digitally enabled retailers, as well as more resilient and experiential categories such as food and beverage, entertainment, services and non-retail. Mirvac maintains a focus on key urban and metropolitan markets, which are economically resilient over the long term, ensuring the business is well placed to meet the challenges and opportunities of the changing retail landscape.

RESIDENTIAL HIGHLIGHTS

Mirvac has earned a reputation for quality and design excellence, following almost half a century of delivering premium homes and connected communities in Australia's key cities of Sydney, Melbourne, Brisbane and Perth. With a robust pipeline of approximately 27,500 lots, the Group is well positioned for future growth and remains focused on creating places people are proud to call home.

For the half year ended 31 December 2019, the Residential business delivered earnings before interest and tax of $144m, up 148 per cent on the prior corresponding period due to the timing and mix of residential lot settlements.

Key residential highlights for the half year ended 31 December 2019:

- settled 1,232 residential lots, supported by practical completion of St Leonards, Sydney with 327 lots and Marrickville, Sydney with 172 lots, as well as ongoing settlements at the Eastbourne, Melbourne of 190 lots. The Group is targeting over 2,500 residential lot settlements in FY20;
- defaults in the period remained below 2 per cent;
- released first lots at Smiths Lane, Melbourne with 80 per cent secured;
- increased the pipeline of DA approved apartments at Green Square, Sydney from 297 to more than 600;
- commenced restocking the residential portfolio. New development sites include Riverlands and the Western Sydney University Campus, Milperra, Sydney;
- won the tender to develop Waterloo Metro Quarter, Sydney in partnership with John Holland;
- achieved gross development margins of 20 per cent, in line with the Group's target of between 18 and 22 per cent; and
- secured 88 per cent of expected Residential earnings before interest and tax for FY20 and 34 per cent for FY21.

Mirvac expects to release approximately 1,000 lots in the second half of the financial year, in response to improving sales conditions in most markets which includes 119 lots in the next stage of Green Square, Sydney.

1. These statements are future looking and based on our reasonable belief at the time they were made.

Build to Rent (BTR) highlights

The emergence of the BTR sector is gathering pace in Australia, in response to housing affordability, as well as demographic and lifestyle changes. Mirvac is one of the pioneers of the sector having launched the Australian Build to Rent Club with the Clean Energy Finance Corporation in July 2018. Mirvac sees huge potential for BTR in Australia, and it is an important growth area for our business.

For the half year ended 31 December 2019, Mirvac advanced its BTR interests as it:

– progressed construction at LIV Indigo, the purpose built BTR component of Pavilions, Sydney Olympic Park, Sydney. The building is expected to complete in September 2020;
– secured development application approval to deliver 490 purpose built BTR apartments together with a range of amenities at Mirvac's second BTR project, LIV Munro in Melbourne's CBD. The LIV Munro development is a key project within the City of Melbourne's $250m renewal of the Queen Victoria Market precinct;
– acquired a second Melbourne site at Brunswick, Melbourne that will yield approximately 450 apartments;
– exchanged contracts to purchase the former Melbourne Convention Centre site at Spencer Street in Melbourne's Flinders West precinct with plans to incorporate a BTR apartment tower comprising approximately 430 apartments; and
– progressed the development of our operating platform, LIV | Mirvac, which aims to revolutionise renting in Australia through a combination of on-site management, service, technology and design.

RESIDENTIAL MARKET OUTLOOK [1]

The established residential market has recorded a strong rebound since mid-year in most locations, with auction clearance rates, house price sentiment and price gains ending the year at above average levels [2]. Ongoing very low mortgage rates are likely to support demand momentum going forward and supply shortages are expected to emerge from FY21 in select markets.

Net lot sales have increased since bottoming in mid-year, with NSW markets recording a strong increase in transaction activity for the December quarter, up 29 per cent from the September 2019 quarter and 30 per cent from the same quarter a year ago. In Victoria, lot sales in the December quarter were up 39 per cent from the September quarter and 7 per cent from the December quarter in 2018. South East Queensland was generally steady while conditions are still soft in Perth [3]. With the now solid pace of recovery in the established market, lot sales are generally expected to continue to lift in Sydney and Melbourne through into FY21.

RESIDENTIAL RISK MANAGEMENT

Recent indicators reflect signs of an improving housing market in Mirvac's core markets. Fiscal and monetary stimulus measures, as well as changes to serviceability requirements, have positively impacted dwelling purchase sentiment in recent months. However in certain markets, obtaining positive planning outcomes remains challenging. Location, build quality and a deep understanding of customers remain key for attracting demand. In NSW particularly, increased purchaser awareness of the importance of build quality and developer reputation is expected to benefit Mirvac. The recent introduction of stricter lending criteria, both domestically and offshore, has impacted the ability of some purchasers to obtain financing. Mirvac continues to proactively monitor its settlement risk profile, with a proven track record of low defaults.

1. These statements are future looking and based on our reasonable belief at the time they were made.
2. CoreLogic and Westpac-Melbourne Institute.
3. Research4.

Review of operations and activities

continued

SUSTAINABILITY HIGHLIGHTS

Mirvac's sustainability strategy, *This Changes Everything*, is focused on six key areas: climate change and natural resources (**environment**), our community and social inclusion (**social**), and our people and trusted partnerships (**transparent governance**). Through *This Changes Everything*, Mirvac seeks to be a force for good.

Key sustainability highlights for the half year ended 31 December 2019:

- achieved a 5.5 star NABERS Energy rating at 664 Collins Street, Melbourne, above its 5 star design target;
- achieved a 5.5 star NABERS Waste rating at David Malcolm Justice Centre, Perth;
- reached an agreement with Red Energy to supply the majority of Mirvac's office and retail centres in Victoria, NSW and ACT with 100 per cent renewable energy. This means that as of 1 January 2020, Mirvac's carbon footprint reduced by 60 per cent, a significant step in the Group's journey to becoming net positive carbon;
- launched the **Affordability Experiment** at Iluma Private Estate in Perth, through which Mirvac hopes to address affordability, liveability and sustainability. Mirvac will select a family of four to move into the home, and their utility consumption, spending and saving patterns will be monitored over a 12-month period. Working with Keystart, the family will then have the option to buy the home with a low-deposit home loan;
- became the first Australian property group to join RE100, a global initiative of influential businesses committed to 100 per cent renewable energy;
- named number one in Asia Pacific and number two in the world for gender equity by Equileap, out of 3,519 companies researched;
- topped BOSS Magazine's Most Innovative Companies List, in the Property, Transport and Construction category, for the Group's success with urban basement farm start-up Cultivate;
- named in HBF's Direct Advice For Dads study as one of the top 10 best places to work for new fathers in Australia;
- held the Group's sixth annual **National Community Day**, with around 800 employees using a day of paid volunteer leave to work in the communities in which Mirvac operates, helping the Group to deliver its goal to build strong bonds. The London Benchmarking Group has reported that Mirvac employees volunteer 40 per cent more than the Australian/New Zealand average. The community day volunteer hours contributed by Mirvac employees equate to over 6,000 hours of work (or 150 full-time working weeks), and reflect the Group's commitment to leaving a positive legacy; and
- introduced an organics collection service at Riverside Quay, Melbourne, in line with Mirvac's commitment to send zero waste to landfill by 2030. From July to December 2019, the organics collection service diverted approximately 70 tonnes of organic waste from landfill.

Directors' report

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group (Mirvac or Group) for the half year ended 31 December 2019. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities.

PRINCIPAL ACTIVITIES

The principal continuing activities of Mirvac consist of real estate investment, development, third party capital management and property asset management. Mirvac performs these activities across three major operating segments: Office & Industrial, Retail and Residential.

DIRECTORS

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

- John Mulcahy
- Susan Lloyd-Hurwitz
- Christine Bartlett
- Peter Hawkins
- Jane Hewitt
- James M. Millar AM
- Samantha Mostyn
- Peter Nash
- John Peters (resigned on 19 November 2019)
- Elana Rubin (resigned on 19 November 2019).

REVIEW OF OPERATIONS

A review of the operations of the Group during the half year and the results of those operations are detailed in the operating and financial review on pages 2 to 6.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 2 to 6. Other than those matters disclosed, there were no significant changes to the state of affairs during the half year.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

No events have occurred since the end of the half year which have significantly affected or may significantly affect the Mirvac's operations, the results of those operations, or the Mirvac's state of affairs in future years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 and forms part of the Directors' report.

ROUNDING OF AMOUNTS

The amounts in the consolidated financial statements have been rounded off to the nearest million (m) dollars in accordance with ASIC Corporations Instrument 2016/191.

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
6 February 2020

Auditor's independence declaration

Auditor's Independence Declaration

As lead auditor for the review of Mirvac Limited for the half-year ended 31 December 2019, 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.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
6 February 2020

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Financial report

For the half year ended 31 December 2019

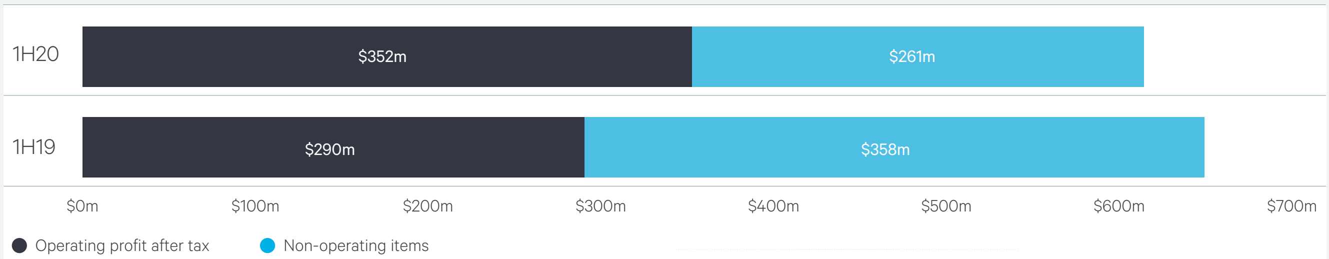
Consolidated statement of comprehensive income

For the half year ended 31 December 2019

	Note	31 December 2019 $m	31 December 2018 $m
Revenue		**1,253**	1,128
Other income			
Revaluation of investment properties and investment properties under construction	C2	**243**	384
Share of net profit of joint ventures	B1	**73**	45
Net gain on sale of assets		**15**	—
Gain on financial instruments		**34**	5
Total revenue and other income	B1	**1,618**	1,562
Development expenses		**665**	580
Cost of goods sold interest	B2	**11**	13
Investment property expenses and outgoings		**97**	91
Employee and other expenses	B2	**94**	91
Selling and marketing expenses		**20**	24
Depreciation and amortisation expenses		**34**	23
Finance costs	B2	**58**	62
Loss on financial instruments		**—**	5
Profit before income tax		**639**	673
Income tax expense		**(26)**	(25)
Profit from continuing operations for the half year	B1	**613**	648
Profit for the half year attributable to:			
Stapled securityholders		**613**	648
Non-controlling interests		**—**	—
Other comprehensive income that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**5**	3
Other comprehensive income for the half year		**5**	3
Total comprehensive income for the half year attributable to:			
Stapled securityholders		**618**	651
Non-controlling interests		**—**	—
Earnings per stapled security (EPS) attributable to stapled securityholders		**Cents**	Cents
Basic EPS	F2	**15.6**	17.5
Diluted EPS	F2	**15.6**	17.5

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

Profit for the half year attributable to stapled securityholders



Refer to B1.

Consolidated statement of financial position

As at 31 December 2019

	Note	31 December 2019 $m	30 June 2019 $m
Current assets			
Cash and cash equivalents		**104**	134
Receivables		**329**	239
Inventories	C4	**453**	621
Other assets		**59**	43
Total current assets		**945**	1,037
Non-current assets			
Receivables		**146**	156
Inventories	C4	**995**	1,063
Investment properties	C2	**11,228**	10,640
Investments in joint ventures	C3	**831**	885
Derivative financial assets	D2	**340**	325
Other financial assets	D2	**62**	60
Other assets		**71**	47
Property, plant and equipment		**19**	20
Right-of-use assets	F3	**23**	—
Intangible assets		**101**	102
Deferred tax assets		**382**	436
Total non-current assets		**14,198**	13,734
Total assets		**15,143**	14,771
Current liabilities			
Payables		**447**	454
Deferred revenue		**11**	181
Borrowings	D1	**200**	—
Lease liabilities	A	**3**	—
Derivative financial liabilities	D2	**5**	1
Provisions		**257**	262
Total current liabilities		**923**	898
Non-current liabilities			
Payables		**43**	55
Deferred revenue		**66**	50
Borrowings	D1	**3,324**	3,448
Lease liabilities	A	**70**	—
Derivative financial liabilities	D2	**93**	102
Deferred tax liabilities		**311**	338
Provisions		**5**	6
Total non-current liabilities		**3,912**	3,999
Total liabilities		**4,835**	4,897
Net assets		**10,308**	9,874
Equity			
Contributed equity	E2	**7,502**	7,444
Reserves		**20**	23
Retained earnings		**2,748**	2,376
Total equity attributable to stapled securityholders		**10,270**	9,843
Non-controlling interests		**38**	31
Total equity		**10,308**	9,874

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

Consolidated statement of changes in equity

For the half year ended 31 December 2019

	Note	Attributable to stapled securityholders					
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance 1 July 2019		**7,444**	**23**	**2,376**	**9,843**	**31**	**9,874**
Change in accounting policy	A	**—**	**—**	**(1)**	**(1)**	**—**	**(1)**
Restated total equity at 1 July 2019		**7,444**	**23**	**2,375**	**9,842**	**31**	**9,873**
Profit for the half year		**—**	**—**	**613**	**613**	**—**	**613**
Other comprehensive income for the half year		**—**	**5**	**—**	**5**	**—**	**5**
Total comprehensive income for the half year		**—**	**5**	**613**	**618**	**—**	**618**
Transactions with owners of the Group							
Security-based payments							
Expense recognised – LTI and STI		**—**	**5**	**—**	**5**	**—**	**5**
LTI vested	E2	**11**	**(11)**	**—**	**—**	**—**	**—**
STI vested		**—**	**(2)**	**—**	**(2)**	**—**	**(2)**
Legacy schemes vested	E2	**1**	**—**	**—**	**1**	**—**	**1**
Distributions	E1	**—**	**—**	**(240)**	**(240)**	**—**	**(240)**
Stapled securities issued		**46**	**—**	**—**	**46**	**—**	**46**
Contributions from non-controlling interests		**—**	**—**	**—**	**—**	**7**	**7**
Total transactions with owners of the Group		**58**	**(8)**	**(240)**	**(190)**	**7**	**(183)**
Balance 31 December 2019		**7,502**	**20**	**2,748**	**10,270**	**38**	**10,308**
Balance 1 July 2018		6,825	33	1,797	8,655	—	8,655
Profit for the half year		—	—	648	648	—	648
Other comprehensive income for the half year		—	3	—	3	—	3
Total comprehensive income for the half year		—	3	648	651	—	651
Transactions with owners of the Group							
Security-based payments							
Expense recognised – LTI and STI		—	7	—	7	—	7
LTI vested	E2	9	(9)	—	—	—	—
STI vested		—	(1)	—	(1)	—	(1)
Distributions	E1	—	—	(193)	(193)	—	(193)
Stapled securities buy-back	E2	(130)	—	—	(130)	—	(130)
Total transactions with owners of the Group		(121)	(3)	(193)	(317)	—	(317)
Balance 31 December 2018		6,704	33	2,252	8,989	—	8,989

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

Consolidated statement of cash flows

For the half year ended 31 December 2019

	Note	31 December 2019 $m	31 December 2018 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**1,285**	1,409
Payments to suppliers and employees (inclusive of GST)		**(936)**	(1,219)
		349	190
Interest received		**5**	1
Distributions received from joint ventures		**75**	49
Distributions received		**—**	1
Interest paid		**(75)**	(74)
Net cash inflows from operating activities	F4	**354**	167
Cash flows from investing activities			
Payments for investment properties		**(348)**	(519)
Loans to related parties		**(21)**	—
Loans to unrelated parties		**(37)**	—
Proceeds from loans to unrelated parties		**3**	91
Payments for property, plant and equipment		**(3)**	(6)
Proceeds from sale of investment properties		**68**	—
Contributions to joint ventures		**(6)**	—
Proceeds from joint ventures		**62**	25
Payments for software under development		**(1)**	—
Payments for investments		**(1)**	—
Payments for financial assets		**—**	(38)
Net cash outflows from investing activities		**(284)**	(447)
Cash flows from financing activities			
Proceeds from borrowings		**415**	858
Repayments of borrowings		**(320)**	(364)
Principal elements of lease payments		**(2)**	—
Distributions paid		**(246)**	(222)
Payments for stapled securities buy-back		**—**	(130)
Proceeds from stapled securities issued		**46**	—
Proceeds from non-controlling interests		**7**	—
Net cash (outflows)/inflows from financing activities		**(100)**	142
Net decrease in cash and cash equivalents		**(30)**	(138)
Cash and cash equivalents at the beginning of the half year		**134**	221
Cash and cash equivalents at the end of the half year		**104**	83

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

A Basis of preparation

MIRVAC GROUP – STAPLED SECURITIES

A Mirvac Group stapled security comprises one Mirvac Limited share ‘stapled’ to one unit in Mirvac Property Trust (MPT) to create a single listed security traded on the ASX. A stapled security cannot be traded or dealt with separately.

Mirvac Limited and MPT remain separate legal entities in accordance with the *Corporations Act 2001*. For accounting purposes, Mirvac Limited has been deemed the parent entity of MPT.

STATEMENT OF COMPLIANCE

The interim financial report for the half year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the information and disclosures normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Mirvac Group during the interim reporting period.

BASIS OF PREPARATION

The accounting policies adopted are consistent with those adopted in the financial statements for the year ended 30 June 2019 except for the adoption of new and amended accounting standards. Refer to the below sections on new and amended standards adopted by the Group.

These financial statements have been prepared on a going concern basis, using historical cost conventions except for investment properties, investment properties under construction, derivative financial instruments and other financial assets and financial liabilities which have been measured at fair value.

All figures in the financial statements are presented in Australian dollars and have been rounded to the nearest million (m) dollars in accordance with ASIC Corporations Instrument 2016/191, unless otherwise indicated.

Where necessary, comparative information has been restated to conform to the current period’s disclosures.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial statements requires estimation and judgement. The areas involving a higher degree of estimation or judgement were the same as those applied in the financial statements for the year ended 30 June 2019, with the exception of the new and amended standards as set out below.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

This section explains the impact of the adoption of AASB 16 *Leases* on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

Notes to the financial report

<table>
<tr><th>Accounting standard</th><th>AASB 16 Leases</th></tr>
<tr><td>Nature of change</td><td>AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard results in almost all leases being recognised on the consolidated SoFP of lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term (less than 12 months) and low-value leases.</td></tr>
<tr><td>Application</td><td>Mirvac has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated SoFP on 1 July 2019.</td></tr>
<tr><td>Impact on financial statements</td><td>Measurement of lease liabilities

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, which contained the following components:
– fixed payments (including in-substance fixed payments), less any lease incentives receivable;
– variable lease payments that are based on an index (CPI) or a fixed rate as outlined in the lease, initially measured using the index (CPI) or fixed rate as at the commencement date;
– amounts expected to be payable by the Group under residual value guarantees;
– the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
– lease payments with reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated by applying the interest rate on the Group’s external borrowings for a term near equivalent to the lease. If there are no borrowings that mature within a reasonable proximity of the lease term, indicative pricing of where the Group can price a new debt capital market issue for a comparative term is used in the calculation. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.77%.

The total lease liabilities as at 31 December 2019 was $73m.

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Right-of-use assets are measured at cost comprising the following:
– the amount of the initial measurement of lease liabilities;
– any lease payments made at or before the commencement date less any lease incentives received;
– any initial direct costs, and
– restoration costs.

Lease term

The Group determines the lease term as the non-cancellable period of a lease together with both:
– the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and
– periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:
– applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
– accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
– excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
– using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Lessor accounting

The adoption of AASB 16 did not have a significant impact on the accounting for assets held as lessor under operating leases.</td></tr>
</table>

Notes to the financial report

continued

FINANCIAL STATEMENT IMPACT ON ADOPTION AT 1 JULY 2019

There is an opening retained earnings adjustment as at 1 July 2019 of ($1m) resulting from the Group's adoption of AASB 16.

The movements in the consolidated SoFP from the adoption of AASB 16 as shown in the table below includes:

- the Group's investment properties that are held under ground leases being grossed up for the lease liabilities;
- right-of-use assets recognised for the Group's state administration office leases;
- lease liabilities for the ground leases and state administration office leases;
- retained earnings impact; and
- associated tax adjustments.

The comparatives have not been restated due to the application of the modified retrospective approach.

The difference between the operating lease commitments ($56m) disclosed at 30 June 2019 and the balance of the lease liabilities ($75m) recognised at 1 July 2019 reflects:

- discounting using the incremental borrowing rate;
- the inclusion of ground leases in the lease liabilities (excluded from the operating lease commitments as they form part of investment properties); and
- lease payments being net of incentives under AASB 16.

The following table shows the adjustments for AASB 16 as recognised for each individual financial statement line item. Line items that were not affected by the changes have been included within "all other".

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

	30 June 2019 As originally presented $m	Total AASB 16 impact $m	**1 July 2019 Restated $m**
Current assets			
All other current assets	1,037	—	**1,037**
Total current assets	1,037	—	**1,037**
Non-current assets			
Right-of-use assets	—	25	**25**
Investment properties	10,640	47	**10,687**
Deferred tax assets	436	28	**464**
All other non-current assets	2,658	—	**2,658**
Total non-current assets	13,734	100	**13,834**
Total assets	14,771	100	**14,871**
Current liabilities			
Lease liabilities	—	3	**3**
All other current liabilities	898	—	**898**
Total current liabilities	898	3	**901**
Non-current liabilities			
Lease liabilities	—	72	**72**
Deferred tax liabilities	338	26	**364**
All other non-current liabilities	3,661	—	**3,661**
Total non-current liabilities	3,999	98	**4,097**
Total liabilities	4,897	101	**4,998**
Net assets	9,874	(1)	**9,873**
Equity			
Retained earnings	2,376	(1)	**2,375**
All other equity	7,498	—	**7,498**
Total equity	9,874	(1)	**9,873**

B Results for the half year

This section explains the results and performance of the Group, including segmental analysis and detailed breakdowns.

B1 SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reporting provided to the Executive Leadership Team, who are the Group's chief operating decision makers. The segments are consistent with those in the Annual Report for the year ended 30 June 2019.

The Group's operating segments are as follows:

Office & Industrial

Manages the Office & Industrial property portfolio to produce rental income along with developing office and industrial projects.

This segment also develops properties and manages joint ventures and properties for capital partners.

Residential

Designs, develops, markets and sells residential properties to external customers. These include masterplanned communities and apartments in core metropolitan markets at times in conjunction with capital partners.

This segment also develops apartments to hold for the long term to produce rental income.

Retail

Manages the Retail property portfolio, including shopping centres, to produce rental income.

This segment also develops shopping centres and manages properties for capital partners..

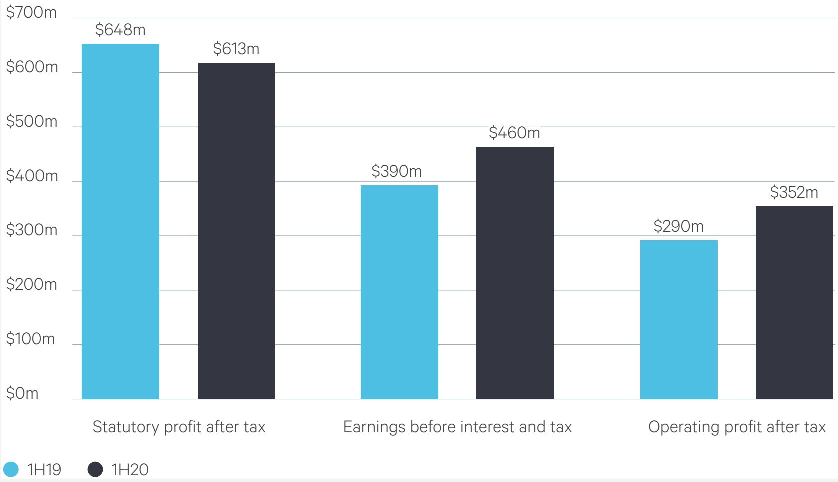
Corporate

Covers Group functions including governance, finance, legal, risk management and company secretarial.

This segment holds an investment in the Tucker Box Hotel Group joint venture (refer to note C3).

Geographically, the Group only operates within Australia. No single customer in the current or prior period provided more than 10 per cent of the Group's revenue.

HALF YEAR PERFORMANCE REVIEW



HIGHLIGHTS

Achieved:

- **18% increase in earnings before interest and tax**
- **21% increase in operating profit after tax**

B Results for the half year

continued

B1 SEGMENT INFORMATION CONTINUED

Presented below are the key profit metrics, a breakdown of revenue by function and other required information for each segment:

RECONCILIATION OF STATUTORY PROFIT TO OPERATING PROFIT AFTER TAX

The following table shows how profit for the half year attributable to stapled securityholders reconciles to operating profit after tax:

	31 December 2019					31 December 2018
	Office & Industrial $m	Retail $m	Residential $m	Corporate $m	Total $m	Total $m
Profit for the half year attributable to stapled securityholders	**449**	**104**	**123**	**(63)**	**613**	648
Exclude specific non-cash items						
Revaluation of investment properties and investment properties under construction[1]	**(228)**	**(15)**	**—**	**—**	**(243)**	(392)
Net (gain)/loss on financial instruments	**(1)**	**—**	**—**	**(33)**	**(34)**	6
Straight-lining of lease revenue[2]	**(5)**	**—**	**—**	**—**	**(5)**	(4)
Amortisation of lease incentives and leasing costs	**36**	**9**	**—**	**—**	**45**	34
Share of net (profit)/loss of joint ventures relating to movement of non-cash items[3]	**(1)**	**—**	**—**	**10**	**9**	—
Exclude other non-operating items						
Net gain from sale of assets	**—**	**(15)**	**—**	**—**	**(15)**	—
Tax effect						
Tax effect of non-operating adjustments[4]	**—**	**—**	**—**	**(18)**	**(18)**	(2)
Operating profit after tax	**250**	**83**	**123**	**(104)**	**352**	290
Amortisation of software	**—**	**1**	**1**	**—**	**2**	—
FFO	**250**	**84**	**124**	**(104)**	**354**	290

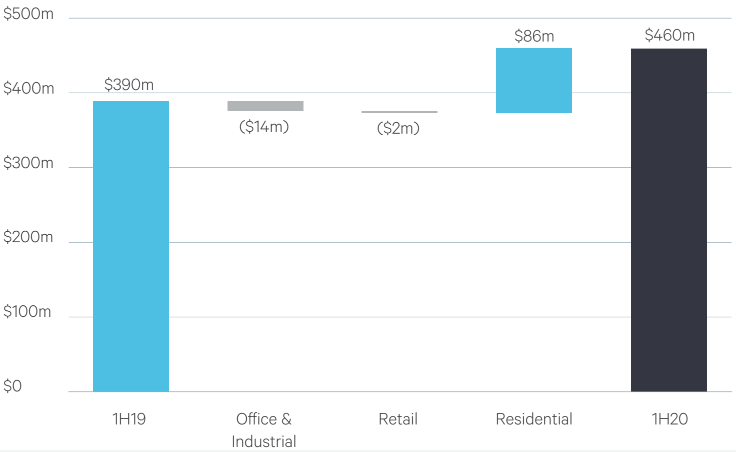
1. Includes Mirvac's share in the joint ventures' revaluation of investment properties which is included within Share of net profit of joint ventures.
2. Included within Revenue.
3. Included within Share of net profit of joint ventures.
4. Included within Income tax expense.

KEY OPERATING PROFIT METRICS

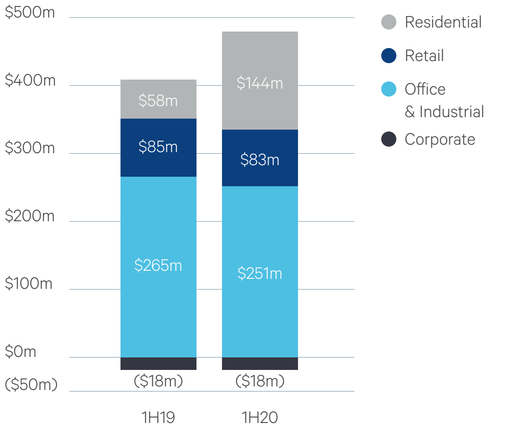
31 December	Office & Industrial 2019 $m	Office & Industrial 2018 $m	Retail 2019 $m	Retail 2018 $m	Residential 2019 $m	Residential 2018 $m	Corporate 2019 $m	Corporate 2018 $m	Total 2019 $m	Total 2018 $m
Property NOI	**205**	195	**91**	86	**—**	—	**9**	9	**305**	290
Development EBIT	**45**	68	**—**	5	**155**	67	**—**	—	**200**	140
Asset and funds management EBIT	**10**	11	**—**	—	**—**	—	**—**	—	**10**	11
Management and administration expenses	**(9)**	(9)	**(8)**	(6)	**(11)**	(9)	**(27)**	(27)	**(55)**	(51)
Earnings before interest and tax (EBIT)[1]	**251**	265	**83**	85	**144**	58	**(18)**	(18)	**460**	390
Development finance costs[2]	**(1)**	(4)	**—**	—	**(21)**	(18)	**—**	—	**(22)**	(22)
Other net interest costs[3]	**—**	—	**—**	—	**—**	—	**(42)**	(52)	**(42)**	(52)
Income tax expense	**—**	—	**—**	—	**—**	—	**(44)**	(26)	**(44)**	(26)
Operating profit after tax	**250**	261	**83**	85	**123**	40	**(104)**	(96)	**352**	290

1. EBIT includes share of net operating profit of joint ventures.
2. Includes cost of goods sold interest of $1m in Office & Industrial and $10m in Residential (December 2018: $4m in Office & Industrial and $9m in Residential).
3 Includes interest revenue of $5m (December 2018: $1m).

OPERATING EBIT: 1H19 to 1H20



EBIT BY SEGMENT



REVENUE BY FUNCTION

31 December	Office & Industrial 2019 $m	Office & Industrial 2018 $m	Retail 2019 $m	Retail 2018 $m	Residential 2019 $m	Residential 2018 $m	Corporate 2019 $m	Corporate 2018 $m	Total 2019 $m	Total 2018 $m
Property rental revenue	**242**	227	**148**	141	**—**	—	**—**	—	**390**	368
Development revenue[1]	**222**	387	**—**	13	**620**	340	**—**	—	**842**	740
Asset and funds management revenue[2]	**9**	11	**5**	7	**—**	—	**1**	1	**15**	19
Other revenue	**4**	5	**3**	2	**5**	3	**7**	2	**19**	12
Total operating revenue	**477**	630	**156**	163	**625**	343	**8**	3	**1,266**	1,139
Share of net profit of joint ventures	**13**	13	**—**	—	**60**	22	**8**	9	**81**	44
Other income	**13**	13	**—**	—	**60**	22	**8**	9	**81**	44
Total operating revenue and other income	**490**	643	**156**	163	**685**	365	**16**	12	**1,347**	1,183
Non-operating items[3]	**218**	316	**29**	68	**—**	—	**24**	(5)	**271**	379
Total statutory revenue and other income	**708**	959	**185**	231	**685**	365	**40**	7	**1,618**	1,562

1. Includes management fees.
2. Property management revenue incurred on the Group's investment properties of $6m in Office & Industrial and $4m in Retail has been eliminated (December 2018: $5m in Office & Industrial and $4m in Retail).
3. Relates mainly to fair value of investment properties and investment properties under construction.

B Results for the half year

continued

B1 SEGMENT INFORMATION CONTINUED

SEGMENT ASSETS AND LIABILITIES

	Office & Industrial		Retail		Residential		Corporate		Total	
	31 December 2019 $m	30 June 2019 $m	31 December 2019 $m	30 June 2019 $m	31 December 2019 $m	30 June 2019 $m	31 December 2019 $m	30 June 2019 $m	31 December 2019 $m	30 June 2019 $m
Assets										
Investment properties[1]	**7,553**	7,071	**3,503**	3,441	**172**	128	**—**	—	**11,228**	10,640
Inventories	**117**	116	**7**	7	**1,324**	1,561	**—**	—	**1,448**	1,684
Indirect investments[2]	**645**	605	**3**	3	**279**	302	**426**	341	**1,353**	1,251
Other assets[3]	**132**	131	**38**	27	**68**	86	**876**	952	**1,114**	1,196
Total assets	**8,447**	7,923	**3,551**	3,478	**1,843**	2,077	**1,302**	1,293	**15,143**	14,771
Total liabilities	**240**	217	**157**	76	**221**	446	**4,217**	4,158	**4,835**	4,897
Net assets	**8,207**	7,706	**3,394**	3,402	**1,622**	1,631	**(2,915)**	(2,865)	**10,308**	9,874

1. Includes investment properties under construction.
2. Includes carrying value of investments in joint ventures and other indirect investments.
3. As part of the Group's review of assets for AASB 16 and the review of current contractual arrangements related to the provision of Software as a Service (SaaS), the Group reclassified $23m of software assets from PPE to Intangible assets to provide more relevant information on the underlying assets. The comparative balances in the consolidated SoFP have been restated to reflect the reclassification.

OTHER INFORMATION

	Office & Industrial		Retail		Residential		Corporate		Total	
31 December	2019 $m	2018 $m	2019 $m	2018 $m	2019 $m	2018 $m	2019 $m	2018 $m	2019 $m	2018 $m
Share of net profit of joint ventures	**15**	23	**—**	—	**60**	22	**(2)**	—	**73**	45
Depreciation and amortisation expenses	**19**	11	**8**	7	**1**	1	**6**	4	**34**	23
Acquisitions of investments and PPE	**290**	410	**59**	101	**45**	1	**2**	4	**396**	516

B2 EXPENSES

	31 December 2019 $m	31 December 2018 $m
Profit before income tax includes the following specific expenses:		
Employee benefits expenses	**51**	50
Security-based payments expense	**7**	7
Total employee expenses	**58**	57
Compliance, consulting and professional fees	**13**	11
Rent, office and administration expenses	**13**	14
IT infrastructure and other expenses	**10**	9
Total other expenses	**36**	34
Total employee and other expenses	**94**	91
Interest and borrowing costs		
Interest paid/payable	**74**	73
Interest capitalised [1]	**(18)**	(14)
Borrowing costs amortised	**2**	3
Total finance costs	**58**	62
Add: cost of goods sold interest [2]	**11**	13
Total interest and borrowing costs	**69**	75

1. Relates to residential projects $6m (December 2018: $7m) and commercial projects $12m (December 2018: $7m).
2. This interest was previously capitalised and has been expensed in the current period. The interest relates to residential projects $10m (December 2018: $9m) and commercial projects $1m (December 2018: $4m).

B3 EVENTS OCCURRING AFTER THE END OF THE HALF YEAR

No events have occurred since the end of the half year which have significantly affected or may significantly affect the Mirvac's operations, the results of those operations, or the Mirvac's state of affairs in future years.

B4 INCOME TAX

Most of the Group's profit is earned by trusts which are not subject to taxation. Income from these trusts is instead attributed to unitholders who pay income tax at their marginal tax rates.

ACCOUNTING FOR INCOME TAX

Income tax expense is calculated at the applicable tax rate (currently 30 per cent in Australia) and recognised in the profit for the half year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises both current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current half year. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when income and expenses are recognised by tax authorities and for accounting purposes in different periods.

Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future. Deferred tax is not recognised on the initial recognition of goodwill.

Mirvac estimates future taxable profits based on approved budgets and forecasts extending five years. Future taxable profits are influenced by a variety of general economic and business conditions, which are outside the control of Mirvac. A change in any of these assumptions could have an impact on the future profitability of the Group and may affect the recovery of deferred tax assets.

At 31 December 2019, the Group had $58m (June 2019: $58m) of unrecognised tax losses.

C Property and development assets

This section includes investment properties, investments in joint ventures and inventories. They represent the core assets of the business and drive the value of the Group.

C1 PROPERTY PORTFOLIO

Mirvac holds a property portfolio for long-term rental yields and capital appreciation. Depending on the specific legal and structural arrangements for each property, they are classified as investment properties or properties held through joint ventures.

A detailed listing of Mirvac's property portfolio assets can be located in the Property Compendium (unaudited), which is available on Mirvac's website: groupir.mirvac.com/page/Property_Compendium/.

Investment properties

Investment properties are properties owned by Mirvac and not predominantly occupied by the Group. Investment properties include investment properties under construction, which will be held for deriving rental income and for capital appreciation once construction is completed.

Mirvac accounts for its investment properties at fair value and movements in fair value are recognised in the consolidated SoCI.

Investments in joint ventures (JV)

Mirvac enters into arrangements with third parties to jointly own some of the investment properties.

If Mirvac has joint control over the activities and joint rights to the net assets of an arrangement, then it is classified as a JV.

The JV holds investment property at fair value and Mirvac recognises its share of the JV's profit or loss in the consolidated SoCI. For further details on the Group's accounting for JV, refer to note C3.

Judgements in fair value estimation

The judgements used to estimate the fair value of the Group's properties have not changed since 30 June 2019. Refer to the 2019 financial statements for further details of the judgements and inputs applied.

Lease incentives

The carrying amount of properties includes lease incentives provided to tenants. Lease incentives are deferred and recognised on a straight-line basis over the lease term and do not change under AASB 16.

Ground leases

On adoption of AASB 16 on 1 July 2019, a lease liability reflecting the leasehold arrangements of investment properties needs to be separately disclosed in the consolidated SoFP and the carrying value of the investment properties is adjusted (i.e. increased) so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate.
At 31 December 2019, $47m of lease liabilities for ground leases has been recognised in the consolidated SoFP.

Lease liabilities are subsequently measured by:

– increasing the carrying amount to reflect interest on the lease liability;

– reducing the carrying amount to reflect the lease payments made; and

– remeasuring the carrying amount to reflect any reassessment or lease modifications.

Some ground leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated SoCI in the period in which the condition that triggers those payments occurs.

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the consolidated SoCI in the period in which they relate.

PROPERTY PORTFOLIO AS AT 31 DECEMBER 2019

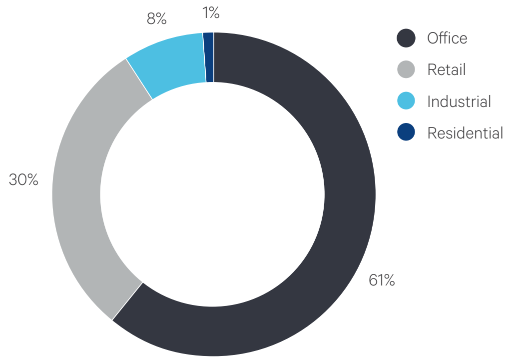
The composition of the Group's investment property portfolio includes:

		31 December 2019					30 June 2019
	Note	Office $m	Industrial $m	Retail $m	Residential $m	Total $m	Total $m
Investment properties		6,036	900	3,503	—	10,439	9,904
Investment properties under construction		590	27	—	172	789	736
Total investment properties	C2	6,626	927	3,503	172	11,228	10,640
Investments in JV[1]	C3	463	—	—	—	463	461
Total property portfolio		7,089	927	3,503	172	11,691	11,101

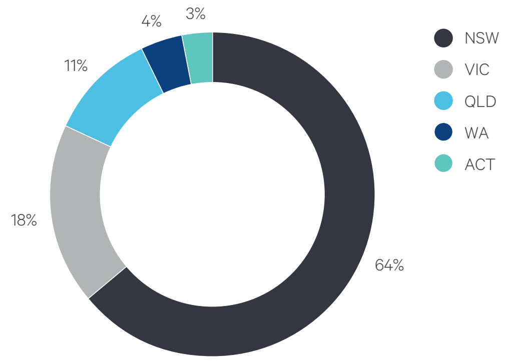
1. Represents Mirvac's share of the JV's fair value movement, which is included within the share of net profit of JV in the consolidated SoCI.

PROPERTY PORTFOLIO BY SEGMENT AND GEOGRAPHY

By segment



By geography



REVALUATION OF PROPERTY PORTFOLIO

1H20 Net revaluation gain ($243m)[1]

1H19 Net revaluation gain ($392m)[1]

1. Mirvac's share of the JV's revaluation gain which is included within the share of net profit of JV is nil for the current period (December 2018: $8m).

C Property and development assets

continued

C2 INVESTMENT PROPERTIES

Investment properties are held at fair value and movements in the fair value are recognised in the consolidated SoCI. The fair value movements are non-cash and do not affect the Group's distributable income.

MOVEMENTS IN INVESTMENT PROPERTIES

	31 December 2019					30 June 2019
	Office $m	Industrial $m	Retail $m	Residential $m	Total $m	Total $m
Balance 1 July	6,194	877	3,441	128	10,640	9,294
Adoption of AASB 16 – ground leases	—	—	47	—	47	—
Restated investment properties at 1 July 2019	6,194	877	3,488	128	10,687	—
Expenditure capitalised	257	4	59	44	364	583
Acquisitions	—	29	—	—	29	231
Disposals	—	—	(50)	—	(50)	—
Net revaluation gain from fair value adjustments	208	20	15	—	243	516
Transfer from inventories	—	—	—	—	—	91
Amortisation expense[1]	(33)	(3)	(9)	—	(45)	(75)
Closing balance	6,626	927	3,503	172	11,228	10,640

1. Includes amortisation of rent free incentives of $18m included in Revenue in the consolidated SoCI.

Fair value measurement and valuation basis

Investment properties are measured as Level 3 financial instruments. Refer to note D2 for explanation of the levels of fair value measurement.

The discounted cash flow, capitalisation rate and residual valuation methods all use unobservable inputs in determining fair value; ranges of the inputs are included below:

		Inputs used to measure fair value				
Segment	Level 3 fair value $m	Net market income $/sqm	10-year compound annual growth rate %	Capitalisation rate %	Terminal yield %	Discount rate %
31 December 2019						
Office	6,626	204 – 1,630	3.10 – 4.00	4.63 – 8.00	4.88 – 8.00	6.25 – 8.25
Industrial	927	100 – 470	2.82 – 3.47	4.84 – 7.00	5.25 – 7.50	6.50 – 7.75
Retail	3,503	315 – 1,462	2.56 – 4.05	4.50 – 8.50	4.75 – 8.75	6.50 – 9.50
Residential	172	552[1]	3.00	4.00	4.00	6.50
30 June 2019						
Office	6,194	200 – 1,531	3.10 – 4.00	4.75 – 8.00	5.00 – 8.00	6.25 – 8.25
Industrial	877	100 – 470	2.92 – 3.47	5.00 – 7.00	5.27 – 7.50	6.75 – 7.75
Retail	3,441	206 – 1,374	2.80 – 4.04	4.50 – 8.00	4.75 – 8.25	6.50 – 9.50
Residential	128	552[1]	3.00	4.00	4.00	6.50

1. Average net market income per apartment per week.

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

C3 INVESTMENTS IN JOINT VENTURES

A joint venture (JV) is an arrangement where the Group has joint control over the activities and joint rights to the net assets. The Group initially records the JV at the cost of the investment and subsequently accounts for them using the equity method.

All JV are established or incorporated in Australia. The Group does not have any associates. The table below provides summarised financial information for those JV that are significant to the Group:

		31 December 2019		30 June 2019	
Joint venture	**Principal activities**	**Interest %**	**Carrying value $m**	Interest %	Carrying value $m
Mirvac 8 Chifley Trust	Property investment	**50**	**223**	50	223
Mirvac (Old Treasury) Trust	Property investment	**50**	**217**	50	215
Mirvac SLS Development Trust	Residential development	**51**	**67**	51	105
Tucker Box Hotel Group	Hotel investment	**50**	**187**	50	195
Other joint ventures	Various	**—**	**137**	—	147
Closing balance			**831**		885

C4 INVENTORIES

The Group develops some residential and commercial properties for sale, and not to hold as an investment property.

	31 December 2019		30 June 2019	
	Current $m	**Non-current $m**	Current $m	Non-current $m
Residential apartments				
Acquisition costs	**71**	**135**	48	170
Development costs	**164**	**332**	375	375
Interest capitalised during development	**10**	**37**	10	41
NRV write-down provision	**(16)**	**(46)**	(5)	(57)
Total residential apartments	**229**	**458**	428	529
Residential masterplanned communities				
Acquisition costs	**111**	**384**	94	388
Development costs	**39**	**76**	26	70
Interest capitalised during development	**9**	**25**	9	27
NRV write-down provision	**(2)**	**(5)**	(4)	(6)
Total residential masterplanned communities	**157**	**480**	125	479
Total Residential	**386**	**938**	553	1,008
Office & Industrial				
Acquisition costs	**22**	**6**	34	4
Development costs	**44**	**45**	32	45
Interest capitalised during development	**—**	**—**	1	—
Total Office & Industrial	**66**	**51**	67	49
Retail				
Development costs	**1**	**6**	1	6
Total Retail	**1**	**6**	1	6
Total inventories	**453**	**995**	621	1,063

JUDGEMENT IN CALCULATING NRV OF INVENTORIES

NRV is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the development. NRV is estimated using the most reliable evidence available at the time including expected fluctuations in selling price and estimated costs to complete and sell.

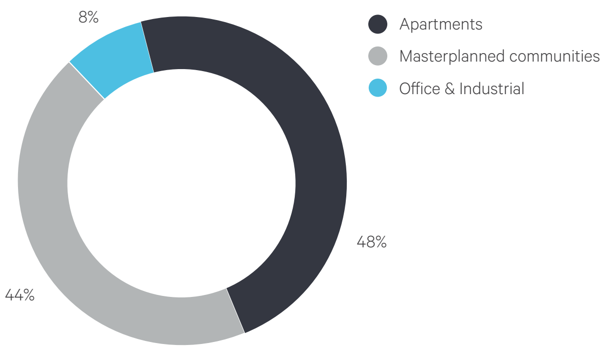
C Property and development assets

continued

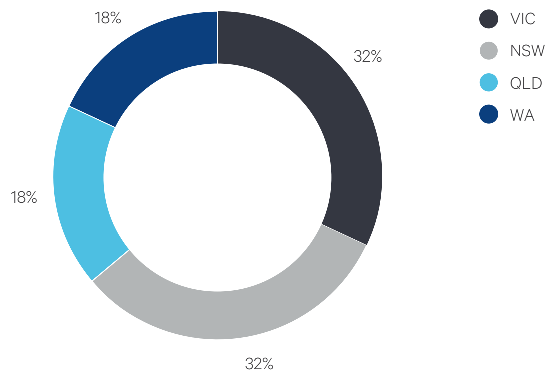
C4 INVENTORIES CONTINUED

INVENTORIES AS AT 31 DECEMBER 2019

By product line



By geography



Movements in inventories	31 December 2019 $m	30 June 2019 $m
Balance 1 July	**1,684**	1,770
Costs incurred	**435**	1,059
Settlements	**(674)**	(1,070)
Provision utilisation	**3**	16
Transfer to investment properties	**—**	(91)
Closing balance	**1,448**	1,684

C5 COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

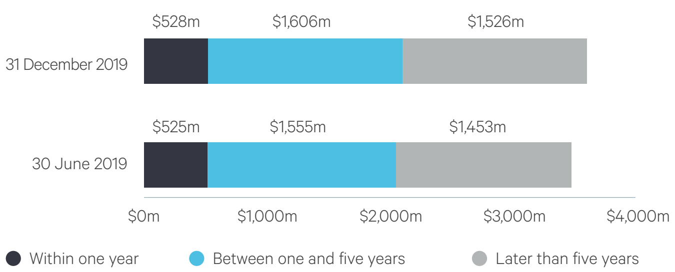
Capital expenditure commitments arising from contracts principally relating to the purchase and development of investment properties contracted for at balance date but not recognised in the consolidated SoFP were $794m as at 31 December 2019 (June 2019: $273m).

LEASE COMMITMENTS

Lease revenue from investment properties is accounted for as operating leases. The revenue and expenses are recognised in the consolidated SoCI on a straight-line basis over the lease term.

The future receipts are shown as undiscounted contractual cash flows.

Future operating lease receipts as a lessor



D Capital structure and risks

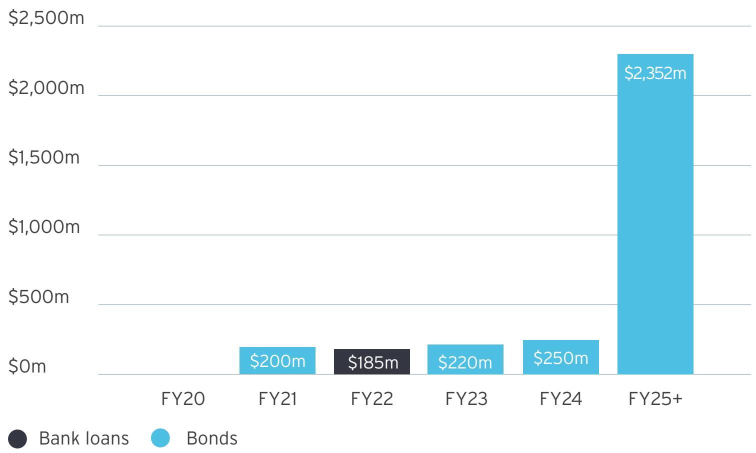
This section outlines the market, credit and liquidity risks that the Group is exposed to and how it manages these risks. Capital comprises stapled securityholders' equity, non-controlling interests and net debt.

D1 BORROWINGS AND LIQUIDITY

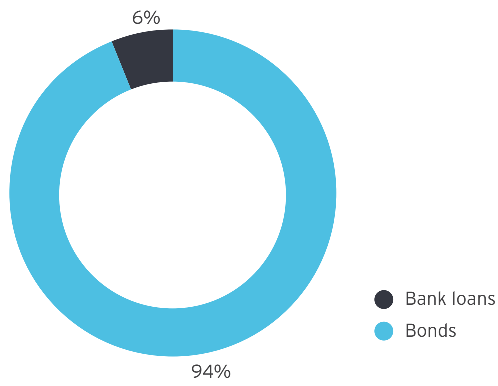
The Group enters into borrowings at both fixed and floating interest rates and also uses interest rate derivatives to reduce interest rate risks.

As at 31 December 2019, the Group had $944m (June 2019: $1,426m) of cash and committed undrawn facilities available.

DRAWN DEBT MATURITIES AS AT 31 DECEMBER 2019



DRAWN DEBT SOURCES AS AT 31 DECEMBER 2019



BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Under the amortised cost method, any difference between the initial amount recognised and the redemption amount is recognised in the consolidated SoCI over the period of the borrowings using the effective interest rate method.

	31 December 2019				30 June 2019			
	Current $m	Non-current $m	Total carrying amount $m	Total fair value $m	Current $m	Non-current $m	Total carrying amount $m	Total fair value $m
Unsecured facilities								
Bank loans	—	185	185	185	—	—	—	—
Bonds	200	3,139	3,339	3,411	—	3,448	3,448	3,486
Total unsecured borrowings	200	3,324	3,524	3,596	—	3,448	3,448	3,486
Undrawn facilities				840			1,292	
Other								
Lease liabilities	3	70	73	73	—	—	—	—

The fair value of the bank loans is considered to approximate their carrying amount; although some loans have fixed interest rates, the impact is immaterial. The fair value of the bonds is calculated as the expected future cash flows discounted by the relevant current market rates.

D Capital structure and risks

continued

D2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Mirvac measures various financial assets and liabilities at fair value which, in some cases, may be subjective and depend on the inputs used in the calculations. The different levels of measurement are described below:

- **Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;**
- **Level 2: not traded in an active market but calculated with significant inputs coming from observable market data; and**
- **Level 3: significant inputs to the calculation that are not based on observable market data (unobservable inputs).**

Mirvac holds no Level 1 financial instruments.

The methods and assumptions used to estimate the fair value of Mirvac's financial instruments are as follows:

Derivative financial instruments

Mirvac's derivative financial instruments are classified as Level 2, as the fair values are calculated based on observable market interest rates and foreign exchange rates. The fair values of interest rate derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves.

Other financial assets

Other financial assets include units in unlisted entities and loan notes issued by unrelated parties. The carrying value of other financial assets is equal to the fair value.

Investments in unlisted entities are traded in inactive markets and the fair value is determined by the unit or share price as advised by the trustee of the unlisted entity, based on the value of the underlying assets. The unlisted entity's assets are subject to regular external valuations. The valuation methods used by the external valuers have not changed since 30 June 2019.

The following table summarises the financial instruments measured and recognised at fair value on a recurring basis:

	31 December 2019				30 June 2019			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets carried at fair value								
Investments in unlisted entities	**—**	**—**	**62**	**62**	—	—	60	60
Derivative financial instruments	**—**	**340**	**—**	**340**	—	325	—	325
	—	**340**	**62**	**402**	—	325	60	385
Financial liabilities carried at fair value								
Derivative financial instruments	**—**	**98**	**—**	**98**	—	102	—	102
	—	**98**	**—**	**98**	—	102	—	102

There were no transfers between the fair value hierarchy levels during half year ended 31 December 2019. The following table presents a reconciliation of the carrying value of Level 3 instruments held by the Group (excluding investment properties):

	31 December 2019		30 June 2019		
	Investments in unlisted entities $m	**Total other financial assets $m**	Investments in unlisted entities $m	Loans receivable $m	Total other financial assets $m
Balance 1 July	**60**	**60**	40	81	121
Acquisitions	**1**	**1**	15	—	15
Net gain recognised in gain on financial instruments	**1**	**1**	5	—	5
Repayment	**—**	**—**	—	(81)	(81)
Closing balance	**62**	**62**	60	—	60

Refer to note C2 for a reconciliation of the carrying value of investment properties, also classified as Level 3.

E Equity

This section includes details of distributions and stapled securityholders' equity. It represents how the Group raised equity from its stapled securityholders (equity) in order to finance the Group's activities both now and in the future.

E1 DISTRIBUTIONS

Half yearly ordinary distribution	CPSS	Amount payable/paid $m	Date payable/paid
31 December 2019	**6.1**	**240**	**28 February 2020**
31 December 2018	5.3	193	28 February 2019

All distributions in the current and prior periods were unfranked. Franking credits available for future years, based on a tax rate of 30 per cent, total $24m (June 2019: $24m).

E2 CONTRIBUTED EQUITY

Mirvac's contributed equity includes ordinary shares in Mirvac Limited and ordinary units in MPT which are stapled to create stapled securities.

Each ordinary security entitles the holder to receive distributions when declared, to one vote at securityholders' meetings and on polls and to a proportional share of proceeds on the winding up of the Group.

When new securities or options are issued, the directly attributable incremental costs are deducted from equity, net of tax.

CONTRIBUTED EQUITY

	31 December 2019		30 June 2019	
	No. securities m	Securities $m	No. securities m	Securities $m
Mirvac Limited – ordinary shares issued	**3,932**	**2,162**	3,909	2,154
MPT – ordinary units issued	**3,932**	**5,340**	3,909	5,290
Total contributed equity		**7,502**		7,444
LTI plan and EIS stapled securities	**2**	**6**	2	7
Total stapled securities per ASX	**3,934**	**7,508**	3,911	7,451

Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity.

MOVEMENTS IN PAID UP EQUITY

	31 December 2019		30 June 2019	
	No. securities m	Securities $m	No. securities m	Securities $m
Balance 1 July	**3,909,393,073**	**7,444**	3,707,614,815	6,825
Securities issued under EEP	**—**	**—**	430,731	1
LTI and STI vested	**6,882,196**	**11**	6,660,092	9
Legacy schemes vested	**193,587**	**1**	242,063	1
Securities buy-back	**—**	**—**	(58,079,881)	(130)
Securities issued	**15,914,244**	**46**	252,525,253	738
Closing balance	**3,932,383,100**	**7,502**	3,909,393,073	7,444

F Other disclosures

This section provides additional required disclosures that are not covered in the previous sections.

F1 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that may become payable depending on a future event or a present obligation that is not probable to require payment/cannot be reliably measured. A provision is not recognised for contingent liabilities.

	31 December 2019 $m	30 June 2019 $m
Bank guarantees and performance bonds granted in the normal course of business	**194**	256
Health and safety claims	**1**	1
Payments for investment properties contingent on planning approvals	**126**	—
Total	**321**	257

As at 31 December 2019, the Group had no contingent liabilities relating to joint ventures (June 2019: $nil).

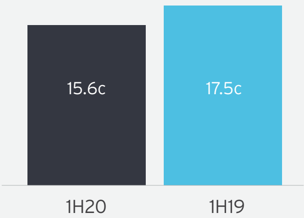
F2 EARNINGS PER STAPLED SECURITY

Basic earnings per stapled security (EPS) is calculated by dividing:
- the profit attributable to stapled securityholders; by
- the weighted average number of ordinary securities (WANOS) outstanding during the half year.

Diluted EPS adjusts the WANOS to take into account dilutive potential ordinary securities from security-based payments.

	31 December 2019	31 December 2018
Profit attributable to stapled securityholders used to calculate basic and diluted EPS ($m)	**613**	648
WANOS used in calculating basic EPS (m)	**3,931**	3,694
WANOS used in calculating diluted EPS (m)	**3,932**	3,696

Basic and diluted EPS (cents)



F3 LEASES

Right-of-use assets

The right-of-use assets recognised in the consolidated SoFP include:

	31 December 2019 $m	30 June 2019 $m
Property leases	**23**	—
Total right-of-use assets	**23**	—

There were no additions to the right-of-use assets during the half year.

Right-of-use assets amounts recognised in the consolidated SoCI

The consolidated SoCI shows the following amounts relating to leases:

	31 December 2019 $m	31 December 2018 $m
Depreciation on property leases	**2**	—
Total depreciation	**2**	—
Interest expense on property leases	**—**	—
Total interest expense (included in finance costs)	**—**	—

F3 LEASES CONTINUED

The Group's leasing activities and how these are accounted for

The Group leases include ground leases and property leases for administration offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated SoCI over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets which meet the definition of an investment property form part of the investment property balance and are measured at fair value in accordance with AASB 140 *Investment Property* (refer to note C1).

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated SoCI. Short-term leases are leases with a lease term of 12 months or less.

F4 CASH FLOW INFORMATION

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and short-term deposits at call.

RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

	31 December 2019 $m	31 December 2018 $m
Profit for the half year attributable to stapled securityholders	**613**	648
Net gain on financial instruments	**(34)**	—
Net gain on sale of investment properties	**(15)**	—
Share of net profit of joint ventures	**(73)**	(45)
Joint venture distributions received	**74**	49
Revaluation of investment properties and investment properties under construction	**(242)**	(384)
Depreciation and amortisation expenses	**34**	23
Security-based payments expense	**7**	7
Change in operating assets and liabilities		
Increase in receivables	**(53)**	(44)
Decrease in inventories	**236**	67
Decrease in payables	**(206)**	(160)
Decrease in provisions	**(3)**	(4)
Decrease in tax effected balances	**26**	26
Increase in other assets/liabilities	**(10)**	(16)
Net cash inflows from operating activities	**354**	167

Directors' declaration

For the half year ended 31 December 2019

In the Directors' opinion:

a) the financial statements and the notes set out on pages 10 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 2019 and of its performance for the financial half year ended on that date; and

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

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
6 February 2020

Independent auditor's review report

to the members of Mirvac Limited

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) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mirvac Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
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Independent auditor's review report

continued

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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 and its controlled entities is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
6 February 2020

Glossary

ASX	Australian Securities Exchange
CPI	Consumer Price Index
CPSS	Cents per stapled security
EBIT	Earnings before interest and tax
EEP	Employee Exemption Plan
EIS	Employee Incentive Scheme
EPS	Earnings per stapled security
FFO	Funds From Operations
IP	Investment properties
IPUC	Investment properties under construction
JV	Joint ventures
LTI	Long-term incentives
MAT	Moving annual turnover
MPT	Mirvac Property Trust
NOI	Net operating income
NRV	Net realisable value
PPE	Property, plant and equipment
SoCI	Statement of comprehensive income
SoFP	Statement of financial position
STI	Short-term incentives
WALE	Weighted average lease expiry
WANOS	Weighted average number of ordinary securities