MIRVAC PROPERTY TRUST INTERIM REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

This financial report represents Mirvac Property Trust (ARSN 086 780 645) and its controlled entities.

This interim financial 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 of Mirvac Property Trust for the year ended 30 June 2009 and any public announcements made by Mirvac Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Responsible Entity of Mirvac Property Trust is Mirvac Funds Limited (ABN 70 002 561 640), a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Mirvac Funds Limited
Level 26, 60 Margaret Street
Sydney, NSW 2000

The Directors of Mirvac Funds Limited (ABN 70 002 561 640), the Responsible Entity of Mirvac Property Trust ("the Trust") present their report, as well as the consolidated half year report for the Trust and its controlled entities ("consolidated entities"), for the half year ended 31 December 2009.

Mirvac Property Trust and its controlled entities together with Mirvac Limited and its controlled entities form the stapled entity, Mirvac Group.

Responsible Entity

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

Directors

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

- J A C MacKenzie
- N R Collishaw
- P J Biancardi
- A G Fini
- P J O Hawkins
- P Morris
- R W Turner (was a director from the beginning of the financial year until his resignation on 25 August 2009)
- J F Mulcahy (appointed 19 November 2009)
- J M Millar (appointed 19 November 2009)

Principal activities

The principal continuing activities of the consolidated entity consisted of property investment for the purpose of deriving rental income and investments in listed and unlisted funds.

Review of operations

The net profit after tax for the consolidated entity attributable to unitholders for the half year ended 31 December 2009 was $108,725,000 (31 December 2008: net loss $365,149,000). The operating profit (profit before specific non-cash and significant items) was $149,398,000 (31 December 2008: $116,019,000).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for specific non-cash items and other significant items, which management consider to reflect the core earnings of the consolidated entity.

Review of operations (continued)

The following table summarises key reconciling items between net profit after tax and operating profit.

	31 December 2009 $'000	31 December 2008 $'000
Net profit/(loss) attributable to the unitholders	**108,725**	(365,149)
Specific non-cash items		
Net loss from fair value adjustments on investment properties	**112,785**	232,719
Net loss from fair value adjustments on investment properties under construction	**39,622**	-
Net (gain)/loss on financial instruments	**(3,871)**	151,531
Amortisation of lease incentives	**5,056**	4,498
Straight line of lease revenue	**(263)**	-
Net loss from fair value of investment properties, derivatives and other specific non-cash items included in share of equity accounted investments	**8,274**	95,778
Net gain from fair value of investment properties, derivatives and other specific non-cash items included in non-controlling interest	**-**	(3,358)
Net loss on other financial assets	**2,971**	-
Significant items		
Net gain on sale of investment properties	**(350)**	-
Net gain on sale of investments	**(499)**	-
Discount on business combination	**(119,782)**	-
Net gain on re-measurement of equity interest	**(25,260)**	-
Business combination transaction costs	**21,990**	-
Operating profit (profit before specific non-cash and significant items)	**149,398**	116,019

Value of assets

	31 December 2009 $'000	30 June 2009 $'000
Total assets	**5,321,272**	5,222,752

Significant changes in the state of affairs

Changes in the state of affairs of the consolidated entity during the financial half year are set out in the various reports in the consolidated entity's half year financial report. Refer to note 8 of the accompanying financial statements for debt movements, note 9 for units issued and note 11 for acquisition of Mirvac Real Estate Investment Trust ("MREIT").

In the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial half year under review.

Matters subsequent to the end of the financial half year

On 1 February 2010, the consolidated entity completed the purchase of the building located at 23 Furzer St, Woden, ACT for $208,751,000. The building is leased by the Department of Health and Ageing.

Other than the above, there are no other matters or circumstances which have arisen since 31 December 2009 and the date of this report that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the Auditors' Independence Declaration required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this report.

Rounding of amounts

The Trust is of the kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

N R Collishaw
Director

Sydney
16 February 2010

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Auditor's Independence Declaration

As lead auditor for the review of Mirvac Property Trust for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

R L Gavin
Partner
PricewaterhouseCoopers

Sydney
16 February 2010

Mirvac Property Trust and its controlled entities
Consolidated statement of comprehensive income
For the half year ended 31 December 2009

	Note	**31 December 2009 $'000**	31 December 2008 $'000
Revenue			
Revenue from investment properties		**173,556**	158,391
Interest revenue		**41,650**	36,549
Distribution revenue		**800**	833
Other revenue		**949**	301
Total revenue		**216,955**	196,074
Other income			
Net gain on sale of investment properties		**350**	-
Net gain on sale of investments		**499**	-
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method		**1,155**	(84,452)
Net (loss)/gain on other financial assets at fair value through profit or loss		**(2,971)**	665
Discount on business combination	11	**119,782**	-
Net gain on re-measurement of equity interest	11	**25,260**	-
Net gain/(loss) on financial instruments		**3,871**	(151,531)
Net loss from fair value adjustments on investment properties		**(112,785)**	(232,719)
Net loss from fair value adjustments on investment properties under construction		**(39,622)**	-
Total other income		**(4,461)**	(468,037)
Total revenues and other income		**212,494**	(271,963)
Amortisation expense		**(6,676)**	(5,939)
Finance costs expense	5	**(21,969)**	(43,595)
Investment property outgoings		**(48,841)**	(42,395)
Business combination transaction costs	11	**(21,990)**	-
Other expenses		**(2,576)**	(2,901)
Profit/(loss) before income tax		**110,442**	(366,793)
Income tax expense		**(305)**	(68)
Profit/(loss) for the half year		**110,137**	(366,861)
Other comprehensive income for the half year			
Exchange differences on translation of foreign operations		**691**	92
Total comprehensive income for the half year		**110,828**	(366,769)
Profit is attributable to:			
Unitholders of Mirvac Property Trust		**108,725**	(365,149)
Non-controlling interest		**1,412**	(1,712)
		110,137	(366,861)
Total comprehensive income for the half year is attributable to:			
Unitholders of Mirvac Property Trust		**109,416**	(365,057)
Non-controlling interest		**1,412**	(1,712)
		110,828	(366,769)
Earnings per unit for net profit/(loss) attributable to the unitholders of Mirvac Property Trust		**Cents**	**Cents**
Basic earnings per unit	4	**3.85**	(29.38)
Diluted earnings per unit	4	**3.83**	(29.00)

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

Mirvac Property Trust and its controlled entities
Consolidated statement of financial position
As at 31 December 2009

	Note	31 December 2009 $'000	30 June 2009 $'000
Current assets			
Cash and cash equivalents		**283,211**	687,351
Receivables		**725,839**	860,152
Non-current assets classified as held for sale		**41,100**	-
Derivative financial assets		**6,022**	5,520
Other financial assets at fair value through profit or loss		**17,890**	20,623
Other assets		**5,151**	10,159
Total current assets		**1,079,213**	1,583,805
Non-current assets			
Investments accounted for using the equity method	6	**211,223**	225,161
Derivative financial assets		**-**	4,838
Other financial assets		**14,085**	-
Investment properties		**3,966,803**	3,279,520
Property, plant and equipment		**-**	79,480
Intangible assets	7	**49,948**	49,948
Total non-current assets		**4,242,059**	3,638,947
Total assets		**5,321,272**	5,222,752
Current liabilities			
Payables		**160,354**	87,439
Borrowings	8	**500,000**	300,000
Provisions		**59,932**	3,411
Total current liabilities		**720,286**	390,850
Non-current liabilities			
Borrowings	8	**43,370**	448,655
Derivative financial liabilities		**3,837**	10,888
Total non-current liabilities		**47,207**	459,543
Total liabilities		**767,493**	850,393
Net assets		**4,553,779**	4,372,359
Equity			
Contributed equity	9	**4,560,553**	4,323,043
Reserves		**6,990**	858
Retained earnings		**(13,764)**	(6,448)
Capital and reserves attributable to unitholders of Mirvac Property Trust		**4,553,779**	4,317,453
Non-controlling interest		**-**	54,906
Total equity		**4,553,779**	4,372,359

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

Mirvac Property Trust and its controlled entities
Consolidated statement of changes in equity
For the half year ended 31 December 2009

	Attributable to unitholders of Mirvac Property Trust					
	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2009	**4,323,043**	**858**	**(6,448)**	**4,317,453**	**54,906**	**4,372,359**
Net profit for the half year	-	-	108,725	108,725	1,412	110,137
Exchange differences on translation of foreign operations	-	691	-	691	-	691
Total comprehensive income for the half year	-	691	108,725	109,416	1,412	110,828
EIS units converted, sold or forfeited	2,715	-	-	2,715	-	2,715
Contributions of equity, net of transaction costs	234,795	-	-	234,795	-	234,795
Discount on acquisition of non-controlling interest	-	5,441	-	5,441	-	5,441
Distributions provided for or paid			(116,041)	(116,041)	(1,412)	(117,453)
Non-controlling interest eliminated on acquisition	-	-	-	-	(54,906)	(54,906)
Total transactions with owners in their capacity as owners	**237,510**	**5,441**	**(116,041)**	**126,910**	**(56,318)**	**70,592**
Balance at 31 December 2009	**4,560,553**	**6,990**	**(13,764)**	**4,553,779**	**-**	**4,553,779**

	Attributable to unitholders of Mirvac Property Trust					
	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2008	**2,880,164**	**(27)**	**642,802**	**3,522,939**	**58,299**	**3,581,238**
Net loss for the half year	-	-	(365,149)	(365,149)	(1,712)	(366,861)
Exchange differences on translation of foreign operations	-	92	-	92	-	92
Total comprehensive income for the half year	-	92	(365,149)	(365,057)	(1,712)	(366,769)
EIS units converted, sold or forfeited	1,371	-	-	1,371	-	1,371
Contributions of equity, net of transaction costs	500,698	-	-	500,698	-	500,698
Distributions provided for or paid	-	-	(104,277)	(104,277)	-	(104,277)
Non-controlling interest	-	-	-	-	(1,646)	(1,646)
Total transactions with owners in their capacity as owners	**502,069**	**-**	**(104,277)**	**397,792**	**(1,646)**	**396,146**
Balance at 31 December 2008	**3,382,233**	**65**	**173,376**	**3,555,674**	**54,941**	**3,610,615**

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

Mirvac Property Trust and its controlled entities
Consolidated statement of cash flow
For the half year ended 31 December 2009

	Note	31 December 2009 $'000	31 December 2008 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**194,153**	173,048
Payments to suppliers (inclusive of goods and services tax)		**(65,709)**	(64,951)
		128,444	108,097
Interest received		**40,835**	38,083
Distributions received		**9,338**	17,157
Income taxes paid		**(305)**	(68)
Borrowing costs paid		**(31,485)**	(44,674)
Net cash inflow from operating activities	13	**146,827**	118,595
Cash flows from investing activities			
Payments for investment properties		**(20,033)**	(73,481)
Payments for property, plant and equipment		**-**	(320)
Proceeds from the sale of investment properties		**39,866**	-
Contributions to joint venture and associate entities		**-**	(1,504)
Proceeds from sale of joint venture and associate entities		**1,957**	-
Payments for acquisition of controlled entities, net of cash acquired		**(25,492)**	-
Payments for loans to entities related to the responsible entity		**-**	(64,734)
Net cash outflow from investing activities		**(3,702)**	(140,039)
Cash flows from financing activities			
Proceeds from borrowings		**12,124**	57,500
Repayment of borrowings		**(696,217)**	(404,233)
Distributions paid		**(59,520)**	(45,387)
Distributions paid to non-controlling interest		**(1,412)**	(1,647)
Payment of distribution relating to business acquisition		**(6,273)**	-
Payment for non-controlling interest		**(13,710)**	-
Proceeds from issue of units		**223,069**	431,265
Unit issue transaction costs		**(5,290)**	(14,848)
Net cash (outflow)/inflow from financing activities		**(547,229)**	22,650
Net (decrease)/increase in cash and cash equivalents		**(404,104)**	1,206
Cash and cash equivalents at the beginning of the half year		**687,351**	8,503
Effects of exchange rate changes on cash and cash equivalents		**(36)**	(73)
Cash and cash equivalents at the end of the half year	13	**283,211**	9,636

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

1. Basis of preparation of the interim report

This general purpose financial report for the interim half year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The financial statements consist of the consolidated financial statements of Mirvac Property Trust and its controlled entities.

This interim financial 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 2009 and any public announcements made by Mirvac Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Changes in accounting policy

The consolidated entity has had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation – revised AASB 127 Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Business combinations – revised AASB 3 Business Combinations
- Segments – new AASB 8 Operating Segments
- Investment property under construction - AASB 140 ((Amendment) Investment Property and consequential amendments to AASB 116)

Principles of consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the consolidated entity's previous accounting policy where transactions with non-controlling interests were treated as transactions with parties external to the consolidated entity. The standard also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss. Previously, where control over an entity was lost, the retained interest in the carrying amount of the former subsidiary's assets and liabilities became the cost of the investment. If the investment was accounted for as an available-for-sale financial asset, it was subsequently revalued to fair value; however, any revaluation gain or loss was recognised in the available-for-sale investments revaluation reserve. This is consistent with the consolidated entity's previous accounting policy if significant influence is not retained.

The consolidated entity will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, in the parent entity, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, transactions with non-controlling interests are disclosed in note 11 and no dividends paid out of pre-acquisition profits.

1. Basis of preparation of the interim report (continued)

Business combinations

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes. All elements of consideration payments to purchase a business are now recorded at fair value at the acquisition date, including contingent consideration. Contingent consideration that meets the classification of debt is with contingent payments classified as debt and subsequently remeasured through the income statement. Under the consolidated entity's previous policy, contingent consideration was only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the consolidated entity recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the consolidated entity's net profit after tax.

The changes were implemented prospectively from 1 July 2009 and the impact on the results of the consolidated entity are disclosed in note 11.

Segment reporting

The consolidated entity has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Investment property under construction ("IPUC")

The amendments were made by AASB 2008-5 Amendments to Australia Accounting Standards arising from the Annual Improvements Project in July 2008. Property that is under construction or development for future use as investment property is within the scope of AASB 140. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

Comparative information

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

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

In preparing the financial statements of the consolidated entity, management are required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Impairment of goodwill

The consolidated entity annually tests whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units 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 cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the balance sheet date was $49,948,000 (June 2009: $49,948,000). There was no impairment loss recognised during the half year (June 2009: nil). Details on the assumptions used are provided in note 7.

(ii) Estimated impairment of investments accounting for using the equity method

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

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

(iii) Fair value of investments not traded in active markets

The fair value of investments that are not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by the net present value calculations using future cash flows and an appropriate post tax discount rate.

The carrying value of investments not traded in an active market is determined using the above described techniques and assumptions are $17,890,000 (June 2009: $20,623,000) and are disclosed as financial assets at fair value through profit or loss.

(iv) Fair value of investment properties

The consolidated entity uses judgement in respect of the fair values of investment properties. Investment properties are re-valued by external valuers on a rotation basis with at least one half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date 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 as at balance date for investment properties is $3,966,803,000 (June 2009: $3,279,520,000).

2. Critical accounting estimates and judgements (continued)

(iv) Fair value of investment properties (continued)

Valuation of Investment property under construction

IPUC are valued at fair value. The fair value is determined on the basis of either discounted cashflow or residual methods. Both methods require consideration of significant 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 remaining expected costs of completion plus risk adjusted development margins are deducted from the estimated future asset value. The net loss from fair value of IPUC was $39,622,000 (June 2009: nil). The carrying value of IPUC of $48,401,000 at balance date is included in the investment properties above.

(v) Valuation of assets acquired in business combinations

During the half year, the consolidated entity completed the acquisition of Mirvac Real Estate Investment Trust (note 11). On recognising this acquisition, management used estimations and assumptions on the fair value of the assets and liabilities assumed at the date of exchange and the fair value of consideration paid.

(vi) Valuation of derivatives and other financial instruments

The consolidated entity uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

3. Segment information

(a) Primary reporting business segment

The consolidated entity operates in the property investment segment and derives income from investments in property, short-term deposits and securities authorised by the Trust's Constitution.

(b) Geographical segment

The consolidated entity operates predominantly in Australia.

4. Earnings per unit

Earnings per unit have been calculated in accordance with AIFRS. In calculating basic earnings per unit, units issued under the Mirvac Employee Incentive Scheme ("EIS") have been excluded from the weighted average number of units.

	31 December 2009 Cents	31 December 2008 Cents
Earnings per unit		
Basic earnings per unit	**3.85**	(29.38)
Diluted earnings per unit[1]	**3.83**	(29.00)
Reconciliation of earnings used in calculating earnings per unit	**$'000**	$'000
Basic and diluted earnings per unit		
Net profit/(loss) used in calculating earnings per unit	**108,725**	(365,149)
Weighted average number of units used as denominator	**Number**	Number
Weighted average number of units used in calculating basic earnings per unit	**2,820,810,303**	1,242,648,104
Adjustment for calculation of diluted earnings per unit:		
Units issued under EIS	**15,700,511**	16,565,106
Weighted average number of units used in calculating diluted earnings per unit	**2,836,510,814**	1,259,213,210

[1] Diluted units does not include the options and rights issued under the current long term incentive plan as the exercise of these equity instruments are contingent on conditions during the vesting period.

5. Finance costs

	31 December 2009 $'000	31 December 2008 $'000
Interest and finance charges paid/payable	**20,676**	42,453
Borrowing costs amortised	**1,293**	1,142
Total finance costs	**21,969**	43,595

6. Investments accounted for using the equity method

	Note	**31 December 2009 $'000**	30 June 2009 $'000
Investments in associates	6(a)	**211,223**	166,179
Investments in joint ventures entities	6(b)	**-**	58,982
		211,223	225,161

6. Investments accounted for using the equity method (continued)

(a) Investment in associates

Name	Principal activities	Ownership[3] 31 December 2009 %	Ownership[3] 30 June 2009 %	Investment 31 December 2009 $'000	Investment 30 June 2009 $'000
Mirvac Real Estate Investment Trust[1]	Listed property investment trust	**100%**	25%	**-**	64,500
Mirvac Industrial Trust[2]	Listed property investment trust	**14%**	14%	**-**	-
Tucker Box Hotel Group	Hotel investment	**49%**	1%	**95,279**	1,401
Mirvac Wholesale Hotel Fund	Hotel investment	**49%**	42%	**115,944**	100,278
				211,223	166,179

[1] The remaining 75% of the units in this investment were purchased on 7 December 2009, and is now a controlled entity of the consolidated entity.
[2] The consolidated entity equity accounts for these investments as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that the responsible entity is Mirvac Funds Management Limited.
[3] Each of the above associates is incorporated in Australia.

(b) Investment in joint venture entities

Name	Principal activities	Ownership[3] 31 December 2009 %	Ownership[3] 30 June 2009 %	Investment 31 December 2009 $'000	Investment 30 June 2009 $'000
197 Salmon Street Trust[1]	Property investment	**100%**	50%	**-**	45,816
Mirvac AustralianSuper Trust[2]	Property investment	**100%**	50%	**-**	9,646
Old Wallgrove Road Trust[1]	Property investment	**100%**	50%	**-**	3,520
				-	58,982

[1] Ownership in these entities increased to 100% during the financial half year as a result of MREIT acquisition and therefore consolidated as controlled entities from effective date of control.
[2] Ownership in these entities increased to 100% during the financial half year and therefore consolidated as a controlled entity from effective date of control.
[3] Each of the above joint venture entities is incorporated in Australia.

7. Intangible assets

	31 December 2009 $'000	30 June 2009 $'000
Goodwill	**49,948**	49,948

(a) Impairment tests for goodwill

Goodwill is allocated to the consolidated entities cash-generating units (CGU's) identified according to business segment. The consolidated entity is considered a single cash generating unit ("Property Investment"). The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets/forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

7. Intangible assets (continued)

(b) Key assumptions used for value-in-use calculations

	Growth rate[1]		Discount rate	
	31 December 2009	30 June 2009	**31 December 2009**	30 June 2009
Property investment	**-**	-	**10%**	10%

[1] Weighted average pre-tax growth rate used to extrapolate cash flows beyond the budget period.

Management determined budgeted gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments and the countries in which they operate.

The value in-use calculation is based on financial budgets and forecasts approved by management covering a five-year period. For the CGU no forecast growth rate is assumed as the value in use calculations are based on forecast cashflows from existing projects and investment properties. The growth rate is consistent with past experience and does not exceed the long-term average growth rate for the business in which the CGU operates.

The recoverable amount of goodwill for property investment exceeds its carrying value as at 31 December 2009. For the carrying value to exceed the recoverable amount there would have to be significant changes to key assumptions. The consolidated entity deems the chances of these significant changes occurring as unlikely.

8. Borrowings

	31 December 2009 $'000	30 June 2009 $'000
Unsecured		
Current		
Domestic medium term notes	**500,000**	300,000
Non-current		
Unsecured bank loans	**43,370**	248,655
Domestic medium term notes	**-**	200,000
	43,370	448,655
	543,370	748,655

Unsecured bank loans

Mirvac Group has an unsecured syndicated loan facility of $1,917,500,000 (June 2009 $1,917,500,000) with $1,112,500,000 revolving tranche maturing in June 2011 and $805,000,000 term tranche maturing in January 2012. The consolidated entity had drawn down $43,370,000 under this facility as at 31 December 2009 (30 June 2009: $248,655,000).

Mirvac Group has $150,000,000 of unsecured bilateral facilities of which $50,000,000 matures in June 2011, and $100,000,000 in January 2012. Subject to the compliance with the terms, all of these bank loan facilities may be drawn at anytime.

8. Borrowings (continued)

Domestic medium term notes

Mirvac Group has a domestic bond issue of $200,000,000 maturing in September 2010. In addition a second domestic bond issue for $300,000,000 is maturing in March 2010. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

Financing arrangements

	31 December 2009 $'000	30 June 2009 $'000
Total facilities		
Domestic medium term note	**500,000**	500,000
Unsecured bank loans[1]	**2,067,500**	2,067,500
	2,567,500	2,567,500
Used at balance date		
Domestic medium term note	**500,000**	500,000
Unsecured bank loans[1]	**992,708**	1,009,124
	1,492,708	1,509,124
Unused at balance date		
Domestic medium term note	**-**	-
Unsecured bank loans[1]	**1,074,792**	1,058,376
	1,074,792	1,058,376

[1] Total syndicated bank loan facilities relate to Mirvac Group, these facilities are available to the consolidated entity. The consolidated entity has drawn down $43,370,000 as at 31 December 2009 (30 June 2009: $248,655,000).

9. Contributed equity

	31 December 2009 $'000	30 June 2009 $'000
Total ordinary units	**4,560,553**	4,323,043

Movement in the number of units during the half year:	**Number**
Opening balance 1 July 2009	2,789,721,461
Movements:	
Units issued as part of business combination	190,109,031
Units issued under employee exemption plan	1,001,040
EIS units converted, sold or forfeited	415,618
Closing balance 31 December 2009	**2,981,247,150**

9. Contributed equity (continued)

Units issued on Australian Stock Exchange ("ASX")

Under AIFRS, units issued under the Mirvac Group's employee long-term incentive schemes (EIS) are required to be accounted for as an option and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves Mirvac Group. Total ordinary units disclosed as detailed above is reconciled to units issued on the ASX as follows:

	31 December 2009 Number	30 June 2009 Number
Total ordinary units disclosed	**2,981,247,150**	2,789,721,461
Units issued under LTI & EIS	**15,323,292**	15,738,910
Subscribed for but not issued at 30 June[1]	**-**	(156,277,961)
Total units issued on ASX	**2,996,570,442**	2,649,182,410

[1] Units subscribed for at 30 June 2009, as part of the capital rasing announced to the ASX on 4 June 2009, that were not issued until 9 July 2009.

10. Distributions

Distributions paid or provided to unitholders during the financial half year were as follows:

Ordinary units	31 December 2009 $'000	31 December 2008 $'000
Quarterly ordinary distributions paid as follows:		
5.000 cents per ordinary unit paid on 24 October 2008	**-**	56,768
2.000 cents per ordinary unit paid on 30 October 2009	**56,109**	-
2.800 cents per ordinary unit paid on 30 January 2009	**-**	47,509
2.000 cents per ordinary unit paid on 29 January 2010	**59,932**	-
Total distributions	**116,041**	104,277

Distribution Reinvestment Plan ("DRP")

Distributions actually paid or satisfied by the issue of units under the Mirvac Group DRP were as follows:

	31 December 2009 $'000	31 December 2008 $'000
Paid/payable in cash	**116,041**	81,043
Satisfied by the issue of units	**-**	23,234
Total distributions	**116,041**	104,277

11. Acquisition of businesses

Acquisition of Mirvac Real Estate Investment Trust

(a) Summary of acquisition

On 7 December 2009, the consolidated entity acquired 75.4% of the issued units of MREIT. MREIT was a diversified real estate investment trust, listed on the ASX. At the date of acquisition the consolidated entity already held 24.6% of the issued units of MREIT. As part of the acquisition of MREIT, the consolidated entity acquired the remaining additional 33.3% of the issued units of the Springfield Regional Shopping Centre Trust, this is a transaction with a non-controlling interest ("NCI").

Details of the preliminary net assets acquired are as follows:

	Note	**$'000**
Purchase consideration:		
Cash paid	11(b)	59,427
Securities issued	11(c)[1]	149,223
Fair value of previously held interest	11(d)	91,889
Total purchase consideration excluding consideration allocated to NCI		**300,539**

[1] Securities issued relate to Mirvac Group.

The fair value of assets and liabilities recognised as a result of the acquisition excluding assets and liabilities allocated to NCI are as follows:

	Fair value $'000
Cash	55,185
Trade receivables	4,095
Other financial assets	30,405
Investments accounted for using the equity method	148,422
Investment properties	690,713
Payables	(32,057)
Borrowings	(452,471)
Derivative financial liabilities	(17,698)
Provision for distribution	(6,273)
Net identifiable assets acquired	420,321
Less: Discount on acquisition	(119,782)
Net assets acquired[1]	**300,539**

[1] Net assets acquired of $300,539,000 is the total purchase consideration for the net assets acquired excluding NCI.

The discount on acquisition of MREIT is attributable to MREIT's circumstances at acquisition, including short term debt maturities, potential covenant breaches and capital constraints which would be likely to adversely impact the value realisable by MREIT unitholders on a stand alone basis.

The discount has been recognised in the consolidated statement of comprehensive income, under the other income heading.

11. Acquisition of businesses (continued)

Acquisition of Mirvac Real Estate Investment Trust (continued)

(a) Summary of acquisition (continued)

Revenue and profit contribution

The acquired business contributed revenues of $8,235,000 and net loss of $10,731,000 to the consolidated entity for the period from 7 December to 31 December 2009. This loss was a result of acquisition transaction costs in MREIT of $8,217,000 and expense of prepaid borrowing costs of $4,217,000 following the repayment of MREIT's syndicated borrowing facility.

If the acquisition had occurred on 1 July 2009, consolidated revenue and consolidated profit for the consolidated entity for the half year ended 31 December 2009 would have been $258,059,000 and $59,403,000 respectively. These amounts have been calculated using the consolidated entity's accounting policies and by adjusting the results of the controlled entity 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.

(b) Purchase consideration - cash outflow

	31 December 2009 $'000	30 June 2009 $'000
Outflow of cash to acquire controlled entity, net of cash acquired		
Cash consideration	59,427	-
Less: balance acquired	(55,185)	-
	4,242	-
Direct costs relating to acquisition	17,773	-
Outflow of cash - investing activities	(22,015)	-
Acquisition of additional ownership in non-controlling interest	13,710	-
Outflow of cash - financing activities	(13,710)	-
Total outflow of cash to acquire subsidiary and non-controlling interest	**(35,725)**	**-**

Acquisition related costs

The total business combination transaction costs for the half year were $21,990,000. Costs relating to the acquisition of MREIT totalled $20,898,000, (including the post acquisition write off of $4,217,000 for prepaid borrowing costs on extinguishing MREIT's debt) and other business acquisitions are $1,092,000. These costs were included in other expenses in the consolidated statement of comprehensive income and in investing cash flows in the consolidated statement of cash flow.

(c) Securities issued

As part of the acquisition the Mirvac Group issued 190,109,031 securities, the fair value of which was determined to be the market value of $1.405 per security being the market value of the securities as at acquisition date. The total fair value was $267,103,000. Of the total securities issued, $83,455,000 were in relation to the previously held (24.6%) interests, and $34,425,000 was attributed to the acquisition of the non-controlling interest, accordingly the net amount of securities issued was $149,223,000.

11. Acquisition of businesses (continued)

Acquisition of Mirvac Real Estate Investment Trust (continued)

(d) Fair value of previously held interest

Prior to the acquisition, the consolidated entity held 24.6% of the units of MREIT. The table below sets out the fair value of these units.

	$'000
Carrying value of units prior to the acquistion	66,629
Gain on revaluing units held as part of the acquisition	25,260
Fair value of units held at the time of acquistion	**91,889**

(e) Transactions with non-controlling interest

As part of the acquisition of MREIT, the consolidated entity acquired the remaining additional 33.3% of the issued units of the Springfield Regional Shopping Centre Trust, for a purchase consideration of $48,135,000. The consideration consisted of $13,710,000 in cash and $34,425,000 in securities issued by Mirvac Group.

The carrying amount of the non-controlling interest in Springfield Regional Shopping Centre Trust on the date of acquisition was $54,906,000. The consolidated entity recognised a decrease in non-controlling interests of $54,906,000 and an increase in equity of $6,771,000.

The effect of changes in the ownership interest of Springfield Regional Shopping Centre Trust on the equity attributable to the owners of the consolidated entity during the half year is summarised as follows:

	$'000
Carrying amount of non-controlling interest acquired	54,906
Consideration paid for non-controlling interest	(48,135)
Discount on acquisition recognised in a separate reserve within equity	**6,771**

The total amount recognised in a separate reserve in equity is $7,648,000, being $6,771,000 relating to the discount on acquisition of the non-controlling interest and $877,000 being the difference in the carrying value of the Springfield Regional Shopping Centre held by MREIT compared to the consolidated entity.

The consideration paid for the non-controlling interest is less than the fair value as a result of the discount attributed on the acquisition of MREIT (refer 11(a)).

12. Contingent liabilities and commitments

Contingent liabilities

	31 December 2009 $'000	30 June 2009 $'000
Contingent liabilities in respect of certain performance guarantees granted in the normal course of business	-	11,105

12. Contingent liabilities and commitments (continued)

Capital commitments

	31 December 2009 $'000	30 June 2009 $'000
Investment properties		
Not later than one year	**220,701**	16,758
Later than one year but not later than 5 years	**-**	-
Later than 5 years	**-**	-
	220,701	16,758

13. Notes to the consolidated statement of cash flow

	31 December 2009 $'000	31 December 2008 $'000
(a) Reconciliation of cash		
Cash at the end of the financial 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 at bank and on hand	**22,882**	9,636
Deposits at call	**260,329**	-
Cash and cash equivalents	**283,211**	9,636
(b) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities		
Net profit/(loss)	**110,137**	(366,861)
Net loss from fair value adjustments on investment properties	**112,785**	232,719
Net loss from fair value adjustments on investment properties under construction	**39,622**	-
Amortisation expense	**6,676**	5,939
Non cash lease incentives	**(570)**	(3,985)
Net loss/(gain) on other financial assets at fair value through profit or loss	**2,971**	(665)
Net gain on sale of investment properties	**(350)**	-
Net gain on sale of investments	**(499)**	-
Unrealised (gain)/loss on financial instruments	**(3,871)**	151,531
Discount on business combination	**(119,782)**	-
Net gain on re-measurement of equity interest	**(25,260)**	-
Business combination transaction costs	**21,990**	-
Share of profit/(loss) of associates and joint ventures not received as distributions	**(1,155)**	98,835
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in receivables	**(7,087)**	4,622
Decrease in other assets	**22,497**	3,973
(Decrease) in creditors	**(11,277)**	(7,513)
Net cash inflow from operating activities	**146,827**	118,595

14. Events occurring after reporting date

On 1 February 2010, the consolidated entity completed the purchase of the building located at 23 Furzer St, Woden, ACT for $208,751,000. The building is leased by the Department of Health and Ageing.

Other than the above, there are no other matters or circumstances which have arisen since 31 December 2009 and the date of this report that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Mirvac Property Trust
Directors' declaration
For the half year ended 31 December 2009

In the Directors' opinion:

(a) the financial statements and notes set out on pages 5 to 22 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the half year ended on that date; and

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

This declaration is made in accordance with a resolution of the Directors of Mirvac Funds Limited as the Responsible Entity for Mirvac Property Trust.

N R Collishaw
Director

Sydney
16 February 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Mirvac Property Trust (the Trust), which comprise the statement of financial position as at 31 December 2009, 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 both Mirvac Property Trust and the Mirvac Property Trust Group (the consolidated entity). The consolidated entity comprises both the trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of Mirvac Funds Limited as responsible entity of Mirvac Property Trust are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mirvac Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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 unitholders of Mirvac Property Trust (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 Property Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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

R L Gavin
Partner

Sydney
16 February 2010