MIRVAC PROPERTY TRUST | 09 FEBRUARY 2023

1H23 Interim Report

mirvac

MIRVAC PROPERTY TRUST
AND ITS CONTROLLED ENTITIES

Interim Report
For the half year ended 31 December 2022

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

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This Interim Report does not include all the information and disclosures usually included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report 2022 and any public announcements made by Mirvac Property Trust during the interim reporting period.

DIRECTORS' REPORT

The Directors of Mirvac Funds Limited ABN 70 002 561 640, AFSL 233121, the Responsible Entity of Mirvac Property Trust (MPT or Trust) present their report, together with the consolidated report of MPT and its controlled entities (consolidated entity) for the half year ended 31 December 2022.

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

Responsible Entity

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

Directors

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

- Robert Sindel
- John Mulcahy (resigned 31 December 2022)
- Susan Lloyd-Hurwitz
- Christine Bartlett
- Damien Frawley
- Jane Hewitt
- James M. Millar AM
- Samantha Mostyn AO
- Peter Nash

Principal activities

The principal continuing activities of the consolidated entity consist of property investment for the purpose of deriving rental income and investments in unlisted funds. There has been no significant change in the principal activities of the consolidated entity during the half year.

REVIEW OF OPERATIONS AND ACTIVITIES

FINANCIAL, CAPITAL MANAGEMENT AND OPERATIONAL HIGHLIGHTS

The consolidated entity reported a profit attributable to stapled unitholders of $219m (December 2021: $446m) for the six months to 31 December 2022. Our diversified and integrated model continued to underpin our resilience to deliver strong, visible cash flows, sustainable distribution growth, and attractive returns for our securityholders.

Key financial highlights for the half year ended 31 December 2022:

- Total assets of $11,762m and net assets of $9,522m;
- Half year distribution of $205m, representing 5.2 cents per stapled unit.

Key capital management highlights for the half year ended 31 December 2022:

The Trust's capital structure is monitored at the Group level. Key capital management highlights relating to the Group for the half year ended 31 December 2022 include:

- A well-diversified maturity profile and a weighted average debt maturity of 5.3 years, with only $250m of debt facilities due for repayment in the next 12 months;
- $1.2bn of cash and undrawn debt facilities at 31 December 2022.
- Gearing at the midpoint of our target range of 20-30 per cent;
- A- and A3 credit ratings with stable outlooks from Fitch Ratings and Moody's Investor Services maintained.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

FINANCIAL, CAPITAL MANAGEMENT AND OPERATIONAL HIGHLIGHTS (continued)

Key operational highlights for the half year ended 31 December 2022:

- Investment property revaluations provided an uplift of $43m for the 6 months to 31 December 2022;
- Progressed on our non-core asset sales program, with the sale of Allendale Square, Perth and 189 Grey Street, Brisbane, and contracts exchanged for the sale of Stanhope Village, Sydney, at an average 2 per cent discount to book value[1];
- Improved metrics within our investment property portfolio, including increased occupancy to 97.6 per cent and stabilised cash collection at 98 per cent;

Outlook[2]

Office

Sentiment within Australia's major markets has softened, as businesses assess the implications of the broader macro-economic environment and the impact of new ways of working on office space requirements. Leasing volumes remain steady, with increased activity from tenants looking for less than 1,000 square metres. A focus on wellbeing and sustainability continues, as tenants implement strategies to encourage employees back to the office. Meanwhile, capital demand is becoming increasingly bifurcated, with low investor appetite for secondary assets. This supports Mirvac's view that the flight to quality theme will continue. Our office portfolio, which is 98 per cent weighted to Prime assets and has an average age of 10.3 years, is well placed to benefit from these trends.

Industrial

Operating fundamentals in the industrial sector remain positive, with strong occupier demand, improved e-commerce penetration, constrained supply, and very low vacancy levels resulting in strong market rental growth. This is helping to mitigate the potential impact of capitalisation rate expansion across our industrial portfolio, as a result of recent interest rate rises. Our industrial portfolio, which is 100 per cent occupied and weighted to Sydney, is expected to benefit from market rent growth and continued capital demand for high-quality, well-located industrial assets, while upcoming development completions are also expected to bolster recurring income streams.

Retail

Convenience-based and out-of-trade-area retail assets continued to improve over the first half of the financial year, with sales above pre-COVID-19 levels. CBD-based retail (approximately 5 per cent by income) has been slower to recover from the impact of COVID-19 restrictions, however, we expect foot traffic to continue to increase with the return of overseas migration and international students. All our urban-based retail assets are well placed to benefit from the resumption of overseas migration, as well as the continued normalisation of trading conditions.

1. Net prices includes settlement adjustments and excludes selling costs.

2. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, but are subject to external factors outside of Mirvac's control.

REVIEW OF OPERATIONS AND ACTIVITIES (continued)

FINANCIAL, CAPITAL MANAGEMENT AND OPERATIONAL HIGHLIGHTS (continued)

Significant changes in the state of affairs

Details of the state of affairs of the consolidated entity are disclosed within the operating and financial review section above. Other than those matters disclosed, there were no significant changes to the state of affairs during the half year that are not otherwise disclosed in this Interim Report.

Net current asset deficiency

As at 31 December 2022, the Trust was in a net current liability position of $188m (June 2022: $345m). The Trust minimises its cash balance using available funds to repay borrowings and had access to $706m (June 2022: $609m) of unused borrowing facilities as at 31 December 2022. Accordingly, the Directors of the Responsible Entity expect that the Trust will have sufficient cash flows to meet all financial obligations as and when they fall due.

Matters subsequent to the end of the half year

No events have occurred since the end of the half year that have significantly affected or may significantly affect the Trust's operations, the results of those operations, or 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 5 and forms part of the Directors' report.

Rounding of amounts

The amounts in the financial statements have been rounded off to the nearest million (m) dollars in accordance with the *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
9 February 2023

Auditor's Independence Declaration

As lead auditor for the review of Mirvac Property Trust for the half-year ended 31 December 2022, 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.

V. Papageorgiou

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
9 February 2023

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These financial statements cover the financial statements for the consolidated entity consisting of Mirvac Property Trust (MPT or Trust) and its controlled entities. The financial statements are presented in Australian currency.

The Responsible Entity of Mirvac Property Trust is Mirvac Funds Limited ABN 70 002 561 640, AFSL 233121, a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Mirvac Funds Limited
Level 28
200 George Street
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 2 to 5, all of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 9 February 2023. The Directors have the power to amend and reissue the financial statements.

The Trust ensures that its corporate reporting is timely and complete by publishing all press releases, financial reports and other information in the Investor Relations section on Mirvac Group's website.

Mirvac Property Trust and its controlled entities
Consolidated statement of comprehensive income
For the half year ended 31 December 2022

	Note	**31 December 2022 $m**	31 December 2021 $m
Revenue		**364**	342
Other income			
Revaluation of investment properties	C1	**43**	269
Share of net profit of joint ventures		**18**	25
Net gain on financial instruments	D2	**-**	1
Total revenue and other income		**425**	637
Investment property expenses and outgoings	B2	**98**	92
Amortisation expenses		**29**	29
Impairment loss on receivables		**-**	26
Finance costs	B2	**45**	30
Net loss on sale of assets		**20**	1
Other expenses		**14**	13
Profit before income tax		**219**	446
Profit for the half year attributable to stapled unitholders		**219**	446
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income for the half year		**-**	-
Total comprehensive income for the half year attributable to stapled unitholders		**219**	446
Earnings per stapled unit (EPU) for the half year attributable to stapled unitholders			
Basic EPU	F2	**5.6**	11.3
Diluted EPU	F2	**5.6**	11.3

The above consolidated statement of comprehensive income (SoCI) 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 2022

	Note	31 December 2022 $m	30 June 2022 $m
Current assets			
Cash and cash equivalents		**27**	34
Receivables	F1	**34**	24
Other assets		**32**	18
Assets held for sale	C1	**158**	-
Total current assets		**251**	76
Non-current assets			
Investment properties	C1	**9,964**	10,341
Investments in joint ventures	C2	**1,443**	1,299
Other financial assets	D2	**61**	62
Intangible assets		**43**	43
Total non-current assets		**11,511**	11,745
Total assets		**11,762**	11,821
Current liabilities			
Payables		**234**	220
Provisions		**205**	201
Total current liabilities		**439**	421
Non-current liabilities			
Borrowings	D1	**1,794**	1,891
Lease liabilities	D1	**7**	7
Total non-current liabilities		**1,801**	1,898
Total liabilities		**2,240**	2,319
Net assets		**9,522**	9,502
Equity			
Contributed equity	E2	**5,394**	5,388
Reserves		**5**	5
Retained earnings		**4,123**	4,109
Total equity attributable to stapled unitholders		**9,522**	9,502

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

	Note	Attributable to stapled unitholders			
		Contributed equity $m	Reserves $m	Retained earnings $m	**Total equity $m**
Balance 1 July 2021		5,374	5	3,799	9,178
Profit for the half year		-	-	446	446
Other comprehensive income for the half year		-	-	-	-
Total comprehensive income for the half year		-	-	446	446
Transactions with owners in their capacity as owners					
Stapled unit-based payments					
Long-term Incentives (LTI) vested		13	-	-	13
Legacy schemes vested		-	-	-	-
Distributions		-	-	(201)	(201)
Balance 31 December 2021		**5,387**	**5**	**4,044**	**9,436**
Balance 1 July 2022		**5,388**	**5**	**4,109**	**9,502**
Profit for the half year		**-**	**-**	**219**	**219**
Other comprehensive income for the half year		**-**	**-**	**-**	**-**
Total comprehensive income for the half year		**-**	**-**	**219**	**219**
Transactions with owners in their capacity as owners					
Stapled unit-based payments					
LTI vested	E2	**6**	**-**	**-**	**6**
Legacy schemes vested	E2	**-**	**-**	**-**	**-**
Distributions	E1	**-**	**-**	**(205)**	**(205)**
Balance 31 December 2022		**5,394**	**5**	**4,123**	**9,522**

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

	31 December 2022 $m	31 December 2021 $m
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**360**	313
Payments to suppliers and employees (inclusive of GST)	**(102)**	(94)
	258	219
Dividends received	**1**	1
Distributions received from joint ventures	**26**	21
Interest paid	**(45)**	(33)
Net cash inflows from operating activities	**240**	208
Cash flows from investing activities		
Payments for investment properties	**(90)**	(102)
Proceeds from sale of investment properties	**288**	129
Acquisition of joint venture	**-**	(240)
Contributions to joint ventures	**(153)**	(1)
Deconsolidation of cash and cash equivalents upon disposal of controlled entity	**-**	(2)
Proceeds from investments	**1**	13
Net cash outflows from investing activities	**46**	(203)
Cash flows from financing activities		
Principal elements of lease payments	**-**	-
Proceeds from loans from entities related to Responsible Entity	**378**	526
Repayments of loans to entities related to Responsible Entity	**(475)**	(340)
Proceeds from issue of stapled units	**5**	13
Distributions paid	**(201)**	(201)
Net cash outflows from financing activities	**(293)**	(2)
Net increase in cash and cash equivalents	**(7)**	3
Cash and cash equivalents at the beginning of the half year	**34**	31
Cash and cash equivalents at the end of the half year	**27**	34

The above consolidated statement of cash flows (SoCF) 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 MPT to create a single listed security traded on the ASX. The stapled securities 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 Mirvac Group.

Statement of compliance

This interim financial report for the half year ended 31 December 2022 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This 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 2022 and any public announcements made by MPT 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 2022 except for the adoption of new accounting standards. Refer to the section below on new and amended standards adopted by the consolidated entity.

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 off to the nearest million (m) dollars in accordance with *ASIC Corporations Instrument 2016/191*, unless otherwise indicated.

Net current asset deficiency

As at 31 December 2022, the Trust was in a net current liability position of $188m (June 2022: $345m). The Trust minimises its cash balance using available funds to repay borrowings, and it had access to $706m (June 2022: $609m) of unused borrowing facilities as at 31 December 2022. Accordingly, the Directors of the Responsible Entity expect that the Trust will have sufficient cash flows to meet all financial obligations as and when they fall due.

Comparative information

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

New and amended standards adopted by the consolidated entity

Amended standards adopted by the consolidated entity for the half year ended 31 December 2022 have not had a significant impact on the current period or prior periods and are not likely to have a significant impact on future periods. These are listed below:

- AASB 2020-3 Amendments to Australian Accounting Standards –Annual Improvements 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116 & AASB 137 & AASB 141]

B RESULTS FOR THE HALF YEAR

This section explains the results and performance of the consolidated entity.

B1 SEGMENT INFORMATION

The consolidated entity is a single segment for reporting to the Executive Leadership Team (ELT). The ELT are the chief operating decision makers of the consolidated entity.

The consolidated entity operates predominantly in Australia. No single customer in the current or prior half year provided more than 10 per cent of the consolidated entity's revenue.

B2 EXPENSES

	31 December 2022 $m	31 December 2021 $m
Profit before income tax includes the following specific expenses:		
Statutory levies	**20**	19
Insurance	**2**	2
Power and gas	**10**	10
Property maintenance	**25**	23
Other property expenses	**41**	38
Total investment property expenses and outgoings	**98**	92
Interest paid	**45**	33
Borrowing costs capitalised	**-**	(3)
Total finance costs	**45**	30

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 Trust's operations, the results of those operations, or Mirvac's state of affairs in future years.

C PROPERTY AND INVESTMENT ASSETS

This section includes investment properties and investments in joint venture. These represent the core assets of the business and drives the value of the consolidated entity.

C1 INVESTMENT PROPERTIES

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

Judgements in fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

For all investment property that is measured at fair value, the existing use of the property is considered the highest and best use.

The consolidated entity assesses its property portfolio for environmental risks and incorporates sustainability initiatives where appropriate in determining the fair value of investment properties.

The fair values of properties are calculated using a combination of market sales comparisons, discounted cash flows and capitalisation rates.

The fair values are a best estimate but may differ to the actual sales price if the properties were to be sold. The key judgements for each valuation method are explained below:

Direct comparison approach: Utilises recent sales of comparable properties, adjusted for any differences, including the nature, location, town planning/zoning, flooding and environmental impediments.

Discounted cash flow (DCF): Projects a series of cash flows over the property's life and a terminal value, discounted using a discount rate to give the present value. The projected cash flows incorporate expected rental income (based on contracts or market rates), operating costs, lease incentives, lease fees, capital expenditure, and a terminal value from selling the property. The terminal value is calculated by applying the terminal yield to the net market income. The discount rate is a market rate reflecting the risk associated with the cash flows, the nature, location and tenancy profile of the property relative to comparable investment properties and other asset classes.

Capitalisation rate: The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date. The annual net income is based on contracted rents, market rents, operating costs and future income on vacant space. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market evidence and sales of comparable properties.

Investment properties under construction: There generally is not an active market for investment properties under construction, so fair value is measured using DCF or residual valuations. DCF valuations for investment properties under construction are as described above, but also consider the costs and risks of completing construction and letting the property.

Residual: Estimates the value of the completed project, less the remaining development costs, which include construction, finance costs and an allowance for the developer's risk and profit. This valuation is then discounted back to the present value.

The key inputs in the measurement of fair value of investment properties are explained further below.

C1 INVESTMENT PROPERTIES (continued)

Movements in investment properties

	31 December 2022 $m	30 June 2022 $m
Balance 1 July	**10,341**	10,652
Expenditure capitalised	**89**	298
Acquisitions	**-**	610
Disposals	**(301)**	(880)
Transfer to assets held for sale	**(158)**	-
Net revaluation gain from fair value adjustments	**43**	348
Transfer to joint ventures	**-**	(579)
Amortisation expenses	**(50)**	(108)
Closing balance	**9,964**	10,341
Total investment properties	**9,780**	10,176
Total investment properties under construction	**184**	165

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 per asset class:

		Inputs used to measure fair value					
Segment	Level 3 fair value $m	Net market income $/sqm	10-year compound annual growth rate %	Capitalisation rate %	Market rate $/sqm	Terminal yield %	Discount rate %
30 June 2022							
Office	6,445	365 – 1,199	2.60 – 4.20	4.50 – 6.75	-	4.75 – 7.00	6.00 – 7.25
Industrial	1,242	110 – 410	3.27 – 3.32	3.50 – 5.00	-	3.75 – 5.25	4.88 – 6.25
Retail	2,654	314 – 1,127	1.87 – 4.13	4.75 – 8.75	865 – 1,612	5.00 – 9.00	6.00 – 9.50
Total	10,341	-	-	-	-	-	-
31 December 2022							
Office	**6,184**	**371 – 1,223**	**3.30 - 4.40**	**4.63 - 5.75**	**-**	**4.88 - 6.00**	**6.00 - 6.50**
Industrial	**1,292**	**125 - 440**	**3.40 - 3.50**	**3.88 - 5.25**	**-**	**4.13 - 5.50**	**5.25 - 6.63**
Retail	**2,488**	**319 - 809**	**1.97 - 3.96**	**4.75 - 8.75**	**-**	**5.00 - 9.00**	**6.00 - 10.00**
Total	**9,964**	**-**	**-**	**-**	**-**	**-**	**-**

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. For further detail regarding the sensitivity analysis of these assumptions, please refer to the 30 June 2022 Annual Report.

C1 INVESTMENT PROPERTIES (continued)

Sensitivity analysis

Due to the rapidly changing economic climate and the judgement required to assess the fair value of the consolidated entity's investment properties, a sensitivity analysis has been undertaken to further stress test the assessment of fair value as at 31 December 2022.

The following sensitivity analysis is based on upward and downward movement scenarios of 25 bps and 50 bps on the movement of capitalisation rates, discount rates, and terminal yields per asset class compared to the capitalisation rates, discount rates, and terminal yields adopted by the consolidated entity as at 31 December 2022. These are considered to be the key unobservable inputs that would be expected to have the most material impact on the fair values adopted if they moved. Valuations use a blended capitalisation rate and DCF approach whereby the current market income and the cash flow of the investment property are considered to determine the final fair value. Varying the capitalisation rates alone will only impact the valuation derived through capitalisation method and has no impact on the DCF analysis. A change in discount rate and terminal capitalisation rate will only impact the DCF valuation. Accordingly, all three metrics need to be moved proportionately to ensure a consistent methodology when performing the sensitivity analysis.

Presented below is the outcome of the sensitivity analysis as the decrement or increment to the fair value of each asset class of the consolidated entity's investment property portfolio (including Office JV but excluding assets held for sale, IPUC and development assets) should the unobservable inputs increase or decrease by 25 bps or 50 bps. For example, an increase of 25 bps of the capitalisation rate, discount rate and terminal yield in the consolidated entity's Office portfolio would have resulted in a decrement of $354m in addition to the fair value presented as at 31 December 2022.

Investment properties at fair value assessed using DCF, market capitalisation and capitalisation rate	Capitalisation rate, discount rate and terminal yield movement by			
	⇧ 25 bps $m	⇩ 25 bps $m	⇧ 50 bps $m	⇩ 50 bps $m
Office	(354)	413	(695)	821
Industrial	(73)	85	(140)	179
Retail	(112)	123	(215)	259
Total	**(539)**	**621**	**(1,050)**	**1,259**

For investment properties at fair value assessed using the direct comparison approach, a sensitivity analysis was performed. Using an increase of 10 per cent in the rate per square metre and a decrease of 10 per cent in the rate per square metre, the impact to the fair value presented as at 31 December 2022 was not material.

Ground leases

As at 31 December 2022, $7m of lease liabilities for ground leases has been recognised in the consolidated SoFP (June 2022: $7m).

Commitment

At 31 December 2022, capital commitments on the consolidated entity's investment property portfolio were $69 million (June 2022: $91 million). There were no investment properties pledged as security by the consolidated entity (June 2022: nil).

C1 INVESTMENT PROPERTIES (continued)

Future committed operating lease receipts

Property rental revenue 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. Payments for operating leases are made net of any lease incentives.

The future receipts are shown as undiscounted contractual cash flows.

	31 December 2022 $m	30 June 2022 $m
Future operating lease receipts as a lessor due:		
Within one year	**395**	503
Between one and five years	**1,479**	1,649
Later than five years	**1,295**	1,512
Total future operating lease receipts as a lessor	**3,169**	3,664

C2 INVESTMENTS IN JOINT VENTURES

A joint venture (JV) is an arrangement where the Trust has joint control over the activities and joint rights to the net assets.

All JVs are established or incorporated in Australia. The consolidated entity does not have any associates. The movements in the carrying amount of JVs are as follows:

Movements in the carrying amount of JVs	31 December 2022 Total $m	30 June 2022 Total $m
Opening balance	**1,299**	470
Share of profit	**29**	50
Equity acquired	**153**	246
Transfer from investment property	**-**	577
Equity Investment Revaluation	**(11)**	7
Distributions received/receivable	**(27)**	(51)
Closing balance	**1,443**	1,299

The table below provides summarised financial information for the JV of the consolidated entity:

		31 December 2022		30 June 2022	
Joint venture	**Principal activities**	**Interest %**	**Carrying value $m**	Interest %	Carrying value $m
The George Street Trust	Property investment	**50.1**	**579**	50.1	579
Mirvac (Old Treasury) Trust	Property investment	**50.0**	**256**	50.0	248
Mirvac Locomotive Trust	Property investment	**51.0**	**240**	51.0	240
Mirvac 8 Chifley Trust	Property investment	**50.0**	**223**	50.0	232
Duck River Auburn Trust[1]	Property investment	**49.0**	**145**	-	-
Total			**1,443**		1,299

1. On 8 September 2022, the Trust acquired 49 per cent of the units in Duck River Auburn Trust for consideration of $138m and is accounted for as an investment in Joint Venture. The Duck River Auburn Trust holds investment property at 300 Manchester Road, Auburn NSW.

Capital expenditure commitment

At 31 December 2022, the consolidated entity had $23 million of capital commitments approved but not yet provided for regarding its share of JVs (June 2022: $1m).

CAPITAL STRUCTURE AND RISKS

This section outlines the market, credit and liquidity risks that the consolidated entity is exposed to and how it manages these risks. Capital comprises unitholders' equity and net debt.

D1 BORROWINGS AND LIQUIDITY

The consolidated entity borrows using loans from related parties.

The consolidated entity has one loan facility from a related party with a total facility limit as at 31 December 2022 of $2,500m (June 2022: $2,500m). This facility can be drawn and expires on 15 December 2029. Interest accrues at the related party's cost of financing from their borrowing facilities, calculated including associated derivative financial instruments. At 31 December 2022, the consolidated entity had $706m (June 2022: $609m) of undrawn facilities available.

	31 December 2022				30 June 2022			
	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								
Loan from related party	**-**	**1,794**	**1,794**	**1,794**	-	1,891	1,891	1,891
Other								
Lease liabilities	**-**	**7**	**7**	**7**	-	7	7	7

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest rate method. The fair value of borrowings is considered to approximate their carrying amount as the interest rates are variable.

D2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The consolidated entity 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).

The consolidated entity holds no Level 1 or Level 2 financial instruments.

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

Other financial assets

At 31 December 2022, other financial assets were represented by units held in unlisted funds. The carrying value of other financial assets is equal to the fair value.

Units in unlisted funds are traded in inactive markets and the fair value is determined by the unit price as advised by the trustee of the fund, based on the value of the fund's underlying assets. The fund's assets are subject to regular external valuations. The valuation methods used by external valuers have not changed since 30 June 2022.

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

	31 December 2022				30 June 2022			
	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								
Units in unlisted funds	-	-	**61**	**61**	-	-	62	62
Closing balance	**-**	**-**	**61**	**61**	-	-	62	62

The following table presents a reconciliation of the carrying value of Level 3 instruments (excluding investment properties which are shown in note C1):

	31 December 2022	30 June 2022
	Units in unlisted funds $m	Units in unlisted funds $m
Balance 1 July	**62**	75
Acquisitions	**-**	-
Net revaluation gain on financial instruments	**-**	4
Return of capital	**(1)**	(17)
Closing balance	**61**	62

E EQUITY

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

E1 DISTRIBUTIONS

Half yearly ordinary distribution	Distribution cents per unit	Amount payable/paid $m	Date payable/paid
31 December 2022	**5.2**	**205**	**28 February 2023**
31 December 2021	5.1	201	28 February 2022

E2 CONTRIBUTED EQUITY

Ordinary units are classified as equity. Each ordinary unit entitles the holder to receive distributions when declared, to one vote per unit at securityholders' meetings on polls and to a proportional share of proceeds on winding up of the Trust.

When new units or options are issued, the directly attributable incremental costs are deducted from equity.

Movements in paid up equity

	31 December 2022		30 June 2022	
	No. units	**Units $m**	No. units	Units $m
Balance 1 July	**3,941,722,042**	**5,388**	3,936,111,448	5,374
Stapled units issued under the EEP	**-**	**-**	401,059	1
Long-term performance plan, LTI and EIS stapled units converted, sold, vested or forfeited	**2,790,895**	**6**	5,111,753	13
Legacy schemes vested	**40,095**	**-**	97,782	-
Closing balance	**3,944,553,032**	**5,394**	3,941,722,042	5,388

The number of stapled units issued as listed on the ASX at 31 December 2022 was 3,946m (June 2022: 3,943m) which includes 1m of stapled units issued under the Employee Incentive Scheme (EIS) (June 2022: 1m). Stapled units issued to employees under the Mirvac LTI plan and EIS are accounted for as options and are recognised, by the Mirvac Group in the security-based payments reserve, not in contributed equity.

F OTHER DISCLOSURES

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

F1 RECEIVABLES

	31 December 2022			30 June 2022		
	Gross $m	**Loss allowance $m**	**Net $m**	Gross $m	Loss allowance $m	Net $m
Trade receivables	**16**	**(14)**	**2**	17	(17)	-
Accrued income	**32**	**-**	**32**	24	-	24
Total receivables	**48**	**(14)**	**34**	41	(17)	24

Ageing

		Days past due					
	Not past due	1 - 30	31 - 60	61 - 90	91 - 120	Over 120	Total
Total receivables	24	1	1	2	2	11	41
Loss allowance	-	(1)	(1)	(2)	(2)	(11)	(17)
Balance 30 June 2022	24	-	-	-	-	-	24
Total receivables	**32**	**3**	**1**	**1**	**1**	**10**	**48**
Loss allowance	**-**	**(1)**	**(1)**	**(1)**	**(1)**	**(10)**	**(14)**
Balance 31 December 2022	**32**	**2**	**-**	**-**	**-**	**-**	**34**

Loss allowance

	31 December 2022 $m	30 June 2022 $m
Balance 1 July	**(17)**	(20)
Amounts utilised for write-off of receivables	**3**	34
Loss allowance recognised	**-**	(31)
Closing balance	**(14)**	(17)

The consolidated entity does not have any significant credit risk exposure to a single customer. The consolidated entity holds $135 million of tenant collateral (June 2022: $136 million), primarily in the form of bank guarantees. The terms and conditions of the collateral are outlined in the lease agreements. For further details regarding the consolidated entity's exposure to, and management of, credit risk, please refer to the 30 June 2022 Annual Report.

F2 EARNINGS PER STAPLED UNIT

Basic earnings per stapled unit (EPU) is calculated by dividing:
- the profit for the half year attributable to stapled unitholders; by
- the weighted average number of ordinary units (WANOU) outstanding during the half year.

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

	31 December 2022	31 December 2021
Basic EPU (cents)	**5.6**	11.3
Diluted EPU (cents)	**5.6**	11.3
Profit for the half year attributable to stapled unitholders used to calculate basic and diluted EPU ($m)	**219**	446
WANOU used in calculating basic EPU (m)	**3,945**	3,940
WANOU used in calculating diluted EPU (m)	**3,946**	3,940

In the Directors' opinion:

(a) the financial statements and notes set out on pages 6 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 2022 and of its performance for the financial 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.

The Directors have been given the declarations by the Chief Executive Officer/Managing Director and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
9 February 2023

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Mirvac Property Trust (the Registered Scheme) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2022 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor’s responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors of the Responsible Entity 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.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 and of 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*.

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.

PricewaterhouseCoopers

Voula Papageorgiou
Partner

Joe Sheeran
Partner

Sydney
9 February 2023