

# 1H22 Interim Report



REIMAGINING URBAN LIFE SINCE 1972



# MIRVAC PROPERTY TRUST AND ITS CONTROLLED ENTITIES

## Interim Report For the half year ended 31 December 2021

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 2021 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 2021.

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

### **Responsible Entity**

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

### **Directors**

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

- John Mulcahy
- Susan Lloyd-Hurwitz
- Christine Bartlett
- Damien Frawley (appointed 1 December 2021)
- Jane Hewitt
- James M. Millar AM
- Samantha Mostyn AO
- Peter Nash
- Robert Sindel

### **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 delivered a solid result for the six months to 31 December 2021 despite the impacts of extended lockdowns in Sydney and Melbourne in the first quarter of the 2022 financial year (FY22). 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 2021:**

- profit attributable to stapled unitholders of \$446.0m (December 2020: \$351.5m);
- total assets of \$11,936.9m and net assets of \$9,436.6m; and
- half year distribution of \$201.1m, representing 5.1 cents per stapled unit.

#### **Key capital management highlights for the half year ended 31 December 2021:**

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 2021 include:

- maintaining headline gearing within our preferred range of 20.0 to 30.0 per cent;
- maintaining adequate liquidity through cash and undrawn debt facilities;
- weighted average debt maturity of 6.1 years, with no debt maturing in FY22 and limited debt maturing in FY23 and FY24;
- maintaining an A-/A3 ratings Moody's and Fitch credit ratings; and
- maintaining a competitive cost of debt, which reduced by 40 bps over the prior corresponding period.

## REVIEW OF OPERATIONS AND ACTIVITIES (continued)

### FINANCIAL, CAPITAL MANAGEMENT AND OPERATIONAL HIGHLIGHTS (continued)

#### Key operational highlights for the half year ended 31 December 2021:

- investment property revaluations provided an uplift of \$269.4m for the 6 months to 31 December 2021;
- execution of asset sales program comprising the sale of Cherrybrook Village, Sydney at a 43 per cent premium to book value, and exchange of contracts to sell Tramsheds, Sydney and Quay West Car Park, Sydney;
- 80 Ann Street, Brisbane remains on track for practical completion in FY22 with 93 percent pre-leased<sup>1</sup> with Suncorp as anchor tenant; and
- continued strong cash collections across our investment property portfolio, with collection of arrears de-risked with adequate ECL provisions.

#### Outlooks and risks<sup>2</sup>

##### *Office*

The outperformance of high-quality, modern office assets over lower quality assets has been a key feature of the office market over the past 18 months. This bifurcation is expected to continue, with tenants demonstrating a clear preference for workplaces that are well-located, sustainable, technology-enabled, and which foster innovation and learning. The flight to quality has also supported strong investor demand, as evidenced by a number of transactions across the broader market and within our own portfolio. Our proven ability to create and curate modern, high-quality office assets that are customised to our tenants' needs has provided resilience throughout the pandemic and is expected to support our continuing success. In addition, our portfolio benefits from a long WALE, low capital expenditure requirements, and low exposure to smaller tenants.

Demand for newly developed and well-located office buildings in CBD locations with strong lease covenants is expected to remain strong, underpinning asset values and supporting redevelopment metrics for a number of our pipeline office developments. Uncertainty around the ongoing impacts of the COVID-19 pandemic is expected to temper pre-leasing activity in the near term. However, over the medium term, we expect pre-leases to be driven by heightened demand for new office buildings equipped with the latest technology, occupant amenity, and market-leading wellness and sustainability ratings. These key features will enable organisations to attract and retain talent, while helping to reflect and build their brand and culture.

##### *Industrial*

Industrial assets have continued to benefit from a number of tailwinds, including the acceleration of e-commerce, a rising housing construction cycle, and pronounced investment into supply chains across industries. As a result, investor demand for well-located, quality industrial assets remains strong, driving significant valuation growth over the past 18 months. Values are expected to remain well supported in the medium to long term, given ongoing capital allocation to the sector.

The vacancy rate for industrial assets in Sydney, where 100 per cent of our portfolio is based, tightened through 1H22 and conditions are expected to remain tight given limited new supply and sizeable requirements for quality assets. This is also expected to drive rental and valuation growth, particularly for modern, highly-efficient logistics assets in strategic locations, such as Calibre in Eastern Creek. In addition to our overweight exposure to Sydney, our Industrial portfolio's long WALE, high composition of ASX-listed and multinational tenants, zero vacancy and limited short-term expiry risk positions us well to capitalise on the heightened demand for institutional, quality logistics facilities located near to key transport nodes.

##### *Retail*

The impacts of the global pandemic continued to play out across the retail sector in 1H22, with extended lockdowns in Sydney and Melbourne during the first four months of FY22 impacting expenditure from our CBD centres and assets with out-of-area trade. This resulted in weakened cash collection rates and an increase in rental assistance provided to a number of our retail partners. However, consistent with our experience in FY21, we saw strong pent-up demand and elevated household savings translate to a significant pickup in retail sales as restrictions eased towards the end of 1H22. We expect that these factors, together with the easing of COVID-19 restrictions, will drive an improvement in sales over the remainder of FY22 and FY23.

<sup>1</sup> Including non-binding heads of agreement.

<sup>2</sup> 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 the evolving nature and uncertain environment caused by the COVID-19 pandemic.

## **REVIEW OF OPERATIONS AND ACTIVITIES (continued)**

### **FINANCIAL, CAPITAL MANAGEMENT AND OPERATIONAL HIGHLIGHTS (continued)**

#### **Outlook and risks (continued)**

##### *Retail (continued)*

Our convenience-based retail centres, meanwhile, continued to benefit from a loyal local customer base and traded well throughout the period. Investor demand for convenience retail centres remains particularly strong, as evidenced by a number of sales transactions during the period that were well in excess of book value (including our Sydney-based convenience centres at Cherrybrook Village and Tramsheds). This demand supported solid asset valuation increases during the period in the IIP, which we expect to continue in the near term.

While we expect that the retail sector will continue to be impacted by the pandemic in the near-term, we remain confident that our well-established protocols position us to respond efficiently and effectively. Additionally, as retail rents and valuations are now expected to have stabilised, we anticipate momentum returning to the retail portfolio as the pandemic subsides, driven by a very tight employment market and record levels of household savings.

#### **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.

The impacts of the COVID-19 pandemic to the consolidated entity are outlined throughout the Interim Report and summarised under Note A – Basis of Preparation.

#### **Net current asset deficiency**

As at 31 December 2021, the Trust was in a net current liability position of \$228.3m. The Trust minimises its cash balance using available funds to repay borrowings and had access to \$430.0m of unused borrowing facilities as at 31 December 2021. 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 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.

#### **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 tenth of a 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**  
Director

Sydney  
10 February 2022



## *Auditor's Independence Declaration*

As lead auditor for the review of Mirvac Property Trust for the half-year ended 31 December 2021, 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.

A handwritten signature in black ink that reads 'V. Papageorgiou'.

Voula Papageorgiou  
Partner  
PricewaterhouseCoopers

Sydney  
10 February 2022

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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 10 February 2022. 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 2021



	Note	31 December 2021 \$m	31 December 2020 \$m
Revenue		342.2	346.5
<b>Other income</b>			
Revaluation of investment properties	C1	269.4	163.3
Share of net profit of joint ventures		24.5	20.9
Net gain on financial instruments	D3	1.1	1.1
Net (loss)/gain on sale of assets		(1.2)	2.5
<b>Total revenue and other income</b>		<b>636.0</b>	<b>534.3</b>
Investment property expenses and outgoings	B2	92.4	93.6
Amortisation expenses		28.6	28.9
Impairment loss on receivables	B2	25.9	12.0
Finance costs	B2	30.3	32.2
Other expenses		12.8	16.1
<b>Profit before income tax</b>		<b>446.0</b>	<b>351.5</b>
<b>Profit for the half year attributable to stapled unitholders</b>		<b>446.0</b>	<b>351.5</b>
<b>Other comprehensive income that may be reclassified to profit or loss</b>			
<b>Other comprehensive income for the half year</b>		-	-
<b>Total comprehensive income for the half year attributable to stapled unitholders</b>		<b>446.0</b>	<b>351.5</b>
<b>Earnings per stapled unit (EPU) for profit for the half year attributable to stapled unitholders</b>			
Basic EPU	F2	11.3	8.9
Diluted EPU	F2	11.3	8.9

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 2021



	Note	31 December 2021 \$m	30 June 2021 \$m
<b>Current assets</b>			
Cash and cash equivalents		34.1	31.4
Receivables	F1	24.3	8.5
Other assets		32.4	18.2
Assets held for sale	C1	103.8	132.8
<b>Total current assets</b>		<b>194.6</b>	<b>190.9</b>
<b>Non-current assets</b>			
Investment properties	C1	10,347.6	10,651.9
Investments in joint ventures	C2	1,289.9	470.0
Other financial assets	D3	62.0	74.5
Intangible assets		42.8	42.8
<b>Total non-current assets</b>		<b>11,742.3</b>	<b>11,239.2</b>
<b>Total assets</b>		<b>11,936.9</b>	<b>11,430.1</b>
<b>Current liabilities</b>			
Payables		221.7	160.2
Provisions		201.1	200.8
Lease liabilities	D1	0.1	0.1
<b>Total current liabilities</b>		<b>422.9</b>	<b>361.1</b>
<b>Non-current liabilities</b>			
Payables		0.6	-
Borrowings	D1	2,070.0	1,884.0
Lease liabilities	D1	6.8	6.8
<b>Total non-current liabilities</b>		<b>2,077.4</b>	<b>1,890.8</b>
<b>Total liabilities</b>		<b>2,500.3</b>	<b>2,251.9</b>
<b>Net assets</b>		<b>9,436.6</b>	<b>9,178.2</b>
<b>Equity</b>			
Contributed equity	E2	5,387.1	5,373.6
Reserves		5.4	5.4
Retained earnings		4,044.1	3,799.2
<b>Total equity attributable to stapled unitholders</b>		<b>9,436.6</b>	<b>9,178.2</b>

The above consolidated statement of financial position (SoFP) 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 2021



	Note	Attributable to stapled unitholders			
		Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total equity \$m
Balance 1 July 2020		5,367.2	5.4	3,391.1	8,763.7
Profit for the half year		-	-	351.5	351.5
Other comprehensive income for the half year		-	-	-	-
Total comprehensive income for the half year		-	-	351.5	351.5
<b>Transactions with owners in their capacity as owners</b>					
Stapled unit-based payments					
Long-term Incentives (LTI) vested		5.0	-	-	5.0
Legacy schemes vested		0.3	-	-	0.3
Expense recognised – Employee Exemption Plan (EEP)		0.9	-	-	0.9
Distributions		-	-	(189.0)	(189.0)
<b>Balance 31 December 2020</b>		<b>5,373.4</b>	<b>5.4</b>	<b>3,553.6</b>	<b>8,932.4</b>
<b>Balance 1 July 2021</b>					
<b>Balance 1 July 2021</b>		<b>5,373.6</b>	<b>5.4</b>	<b>3,799.2</b>	<b>9,178.2</b>
Profit for the half year		-	-	446.0	446.0
Other comprehensive income for the half year		-	-	-	-
Total comprehensive income for the half year		-	-	446.0	446.0
<b>Transactions with owners in their capacity as owners</b>					
Stapled unit-based payments					
LTI vested	E2	13.4	-	-	13.4
Legacy schemes vested	E2	0.1	-	-	0.1
Distributions	E1	-	-	(201.1)	(201.1)
<b>Balance 31 December 2021</b>		<b>5,387.1</b>	<b>5.4</b>	<b>4,044.1</b>	<b>9,436.6</b>

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

Mirvac Property Trust and its controlled entities  
 Consolidated statement of cash flows  
 For the half year ended 31 December 2021



	Note	31 December 2021 \$m	31 December 2020 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		313.4	344.1
Payments to suppliers and employees (inclusive of goods and services tax)		(94.4)	(92.9)
		219.0	251.2
Dividends received		0.4	0.5
Distributions received from joint ventures		21.6	14.0
Interest paid		(33.1)	(36.8)
<b>Net cash inflows from operating activities</b>	D2	207.9	228.9
<b>Cash flows from investing activities</b>			
Payments for investment properties		(101.9)	(190.7)
Proceeds from sale of investment properties		129.1	85.0
Acquisition of joint venture		(240.4)	-
Contributions to joint ventures		(1.2)	(1.2)
Deconsolidation of cash and cash equivalents upon disposal of controlled entity		(2.2)	-
Proceeds from investments		12.9	-
<b>Net cash outflows from investing activities</b>		(203.7)	(106.9)
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(0.1)	-
Proceeds from loans from entities related to Responsible Entity		526.0	265.0
Repayments of loans to entities related to Responsible Entity		(340.0)	(258.0)
Proceeds from issue of stapled units		13.4	6.0
Distributions paid		(200.8)	(118.0)
<b>Net cash outflows from financing activities</b>		(1.5)	(105.0)
Net increase in cash and cash equivalents		2.7	17.0
Cash and cash equivalents at the beginning of the half year		31.4	26.9
<b>Cash and cash equivalents at the end of the half year</b>		34.1	43.9

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 2021 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 2021 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 2021 except for the adoption of new accounting standards. Refer to the below section 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 tenth of a million (m) dollars in accordance with *ASIC Corporations Instrument 2016/191*, unless otherwise indicated.

#### Impact of COVID-19 on the consolidated entity



The consolidated entity has continued to navigate through the challenges presented by the COVID-19 pandemic, in particular as a result of the lockdowns experienced in parts of the country from June 2021 extending through to October 2021. During this time, non-essential businesses were forced into closure and some states experienced the mandatory cessation of construction in order to help alleviate the spread of the Delta strain. Following the reopening of borders in November and December, after reaching vaccination targets, the highly contagious but somewhat milder Omicron strain arrived on our shores. Fuelled by the festive season, the rapid escalation in cases resulted in the largest case numbers since the beginning of the pandemic and caused supply chain interruptions, workforce participation constraints and pressure on our healthcare system. With the focus on continuing the vaccination and booster programs, and targeted surveillance testing, Governments have ruled out further lockdowns, instead turning to more subdued measures and precautions to see us through Omicron and the next inevitable strain.

The consolidated entity has considered the continuing impact of the COVID-19 pandemic in preparing its interim report. As in previous reporting period, the impact of COVID-19 increases the level of judgement required across key judgement areas, in particular the measurement of the consolidated entity's assets. Further details are outlined in the following sections of this interim financial report:



**Investment properties**  
Refer to note C1



**Receivables**  
Refer to note F1

### Net current asset deficiency

As at 31 December 2021, the Trust was in a net current liability position of \$228.3m. The Trust minimises its cash balance using available funds to repay borrowings, and it had access to \$430.0m of unused borrowing facilities as at 31 December 2021. 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 2021 have not had a significant impact on the current period or any prior period and are not likely to have a significant impact on in future periods. These are listed below:

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions Beyond 30 June 2021* [AASB 16]

## 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 2021 \$m	31 December 2020 \$m
<b>Profit before income tax includes the following specific expenses:</b>		
Statutory levies	18.5	19.7
Insurance	2.0	1.8
Outgoings	8.0	7.7
Other property expenses	63.9	64.4
<b>Total investment property expenses and outgoings</b>	<b>92.4</b>	<b>93.6</b>
Interest paid	33.1	36.8
Borrowing costs capitalised	(2.8)	(4.6)
<b>Total finance costs</b>	<b>30.3</b>	<b>32.2</b>
Loss allowance on trade debtors	25.9	12.0
<b>Total impairment loss on receivables</b>	<b>25.9</b>	<b>12.0</b>

### 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 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 arrangements. 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.

#### Investment properties

Investment properties are properties owned by the consolidated entity. Investment properties include investment properties under construction, which will be held for deriving rental income and for capital appreciation once construction is completed.

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

#### Judgement 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 fair values of properties are calculated using a combination of market sales comparison, discounted cash flow and capitalisation rate.

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:

**Market sales comparison:** Utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile.

**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, 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 developers' 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)**

### **Lease incentives**

The carrying amount of properties includes lease incentives provided to tenants. Lease incentives are deferred and recognised on a straight-line basis over the lease term.

### **Ground leases**

A lease liability, reflecting the leasehold arrangements of investment properties, is separately disclosed in the consolidated SoFP and the carrying value of the investment properties is adjusted (i.e. increased) so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate.

As at 31 December 2021, \$6.9m of lease liabilities for ground leases has been recognised in the consolidated SoFP.

Lease liabilities are subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

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

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

### **Derecognition of investment properties**

Investment properties are reclassified from non-current to current assets held for sale when they satisfy the conditions under AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

For reclassification to occur, the disposal of the investment property must be highly probable, with an exchanged contract and settlement pending. Once control of an investment property transfers to a purchaser, usually upon settlement, the consolidated entity will derecognise the book value of the investment property with any resultant gain or loss recognised in the consolidated SoFP.

As at 31 December 2021, the consolidated entity had exchanged contracts for the disposal of Quay West Car Park, Sydney; and Tramsheds Sydney, Harold Park, NSW, with settlement expected to occur in FY22. Accordingly, the consolidated entity has reclassified these investment properties to assets classified as held for sale on the consolidated SoFP.




The assessment undertaken to determine the fair value of the consolidated entity's portfolio, including the impact from the COVID-19 pandemic, is based on the assumptions and analysis performed and outlined below.

As at 31 December 2021, the consolidated entity had 27 per cent of its investment property portfolio independently valued (by value, excluding IPUC). The consolidated entity's investment properties had begun to see signs of recovery with increased customer patronage in our retail centres and gradual return of workers to our office buildings. However, this has been hindered by the recent Omicron variant and while there are no indications that extensive restrictions will be reintroduced, there has been implications to local supply chains, labour availability, and the position on return to office.

While the long-term impacts of COVID-19 may have structural impacts on the space requirements of commercial tenants in the future, evidence from tenants has been scarce due to limited leasing activity. At this point, there is no firm evidence to confirm that there will be wholesale shift of tenant demand away from Australian CBDs. A consistent theme, however, is that high quality property with modern fitouts, surrounded by amenity and well connected by transport will be relative winners, while lower quality backfill assets will bear the brunt of any decline in tenant sentiment. Despite the challenges that Delta and Omicron have presented, there has been renewed transaction evidence and increased cashflows to support the consolidated entity's fair value assessment of investment properties as at 31 December 2021.

### C1 INVESTMENT PROPERTIES (continued)

	<p>An evaluation of each investment property in the portfolio was undertaken considering the following factors:</p> <ul style="list-style-type: none"> <li>i) Location and asset quality across the markets that the consolidated entity invests in;</li> <li>ii) Capital expenditure including development and operational capital expenditure forecasts;</li> <li>iii) Tenancy schedules: tenancy schedules including all contractual lease information were used as the basis of all forecasts and valuations, specifically all the contracted cash flows from the tenants and including tenant size and weighted average lease expiry. Assets with long WALEs and a small number of large tenants were viewed as having the least risk in valuations;</li> <li>iv) Market rents: rents that could be achieved if tenancy was leased on the open market as at valuation date. Passing rent refers to contractual rent as at the valuation date;</li> <li>v) Growth rates and incentives: 10 year forecasts for incentives and growth rates applied to future leasing assumptions;</li> <li>vi) Downtime: period of vacancy between leases on a tenancy;</li> <li>vii) COVID-19 impact on the tenancies, in particular rental relief requested, ability to trade and industry that the tenants operate in; and</li> <li>viii) Fair value inputs: capitalisation rate, discount rate and terminal rate applied to capitalisation income, DCF and terminal capitalisation income.</li> </ul> <p>Following this evaluation on a property basis, the valuations have been calibrated on a portfolio basis, by segment, to ensure consistency in any assumptions such as in the modelling of leasing retention rates, incentives, downtime, growth, COVID-19 support adjustments and the expected recovery period where relevant.</p>
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### Movements in investment properties

	31 December 2021 \$m	30 June 2021 \$m
Balance 1 July	10,651.9	10,187.3
Expenditure capitalised	157.9	345.9
Acquisitions	610.3	48.5
Disposals	(609.1)	(82.2)
Transfer to assets held for sale	(103.8)	(132.8)
Revaluation of investment properties	269.4	404.8
Transfer to joint ventures	(578.6)	-
Ground lease liability unwind	(0.1)	(0.1)
Amortisation expenses	(50.3)	(119.5)
<b>Closing balance</b>	<b>10,347.6</b>	<b>10,651.9</b>
<b>Total investment properties</b>	<b>9,948.1</b>	<b>10,358.6</b>
<b>Total investment properties under construction</b>	<b>399.5</b>	<b>293.3</b>

### Fair value measurement and valuation basis

Investment properties are measured as Level 3 financial instruments. Refer to note D3 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 segment:



C1 INVESTMENT PROPERTIES (continued)

Segment	Inputs used to measure fair value					
	Level 3 fair value \$m	Net market income \$/sqm	10-year compound annual growth rate %	Capitalisation rate %	Terminal yield %	Discount rate %
<b>31 December 2021</b>						
Office <sup>1</sup>	6,360.8	312 – 1,185	2.60 – 4.20	4.50 – 6.75	4.75 – 7.00	6.00 – 7.25
Industrial	1,137.0	106 – 433	3.17 – 3.25	3.75 – 5.00	4.25 – 5.25	5.00 – 6.00
Retail	2,849.8	316 – 1,116	1.08 – 3.74	4.75 – 8.75	5.00 – 9.00	6.00 – 9.50
<b>Total investment properties</b>	<b>10,347.6</b>	-	-	-	-	-
<b>30 June 2021</b>						
Office <sup>1</sup>	6,803.8	312 – 1,519	2.50 – 3.80	4.38 – 6.75	4.50 – 7.25	5.85 – 7.25
Industrial	1,025.0	104 – 407	2.82 – 3.02	4.09 – 5.75	4.50 – 6.00	5.25 – 6.61
Retail	2,823.1	311 – 1,121	2.30 – 3.84	4.75 – 8.75	5.00 – 9.00	6.25 – 9.50
<b>Total investment properties</b>	<b>10,651.9</b>	-	-	-	-	-

1. Includes investment properties under construction.

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 2021 Annual Report.

**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 2021 \$m	30 June 2021 \$m
<b>Future operating lease receipts as a lessor</b>		
Within one year	536.9	472.5
Between one and five years	1,676.4	1,628.5
Later than five years	1,466.5	1,442.2
<b>Total future operating lease receipts as a lessor</b>	<b>3,679.8</b>	<b>3,543.2</b>

## 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	30 June
	2021	2021
	Total	Total
	\$m	\$m
Opening balance	470.0	465.3
Share of profit	24.5	32.7
Equity acquired	241.5	-
Transfer from investment property	577.2	-
Distributions received/receivable	(23.3)	(28.0)
<b>Closing balance</b>	<b>1,289.9</b>	<b>470.0</b>

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

Joint venture	Principal activities	31 December 2021		30 June 2021	
		Interest %	Carrying value \$m	Interest %	Carrying value \$m
The George Street Trust <sup>1</sup>	Property investment	50.1	577.7	-	-
Mirvac (Old Treasury) Trust	Property investment	50.0	245.6	50.0	243.3
Mirvac Locomotive Trust	Property investment	51.0	240.1	-	-
Mirvac 8 Chifley Trust	Property investment	50.0	226.5	50.0	226.7
<b>Total</b>			<b>1,289.9</b>		<b>470.0</b>

1. This entity was previously a controlled entity of the Trust, however control was lost during the period and is now accounted for as a JV. Refer to note F3.

## D 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 2021 of \$2,500.0m (June 2021: \$2,500.0m). This facility can be drawn and expires on 18 December 2023. Interest accrues at the related party's cost of financing from their borrowing facilities, calculated including associated derivative financial instruments. At 31 December 2021, the consolidated entity had \$430.0m (June 2021: \$616.0m) of undrawn facilities available.

	31 December 2021				30 June 2021			
	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
<b>Unsecured facilities</b>								
Loan from related party	-	2,070.0	2,070.0	2,070.0	-	1,884.0	1,884.0	1,884.0
<b>Other</b>								
Lease liabilities	0.1	6.8	6.9	6.9	0.1	6.8	6.9	6.9

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 CASH FLOW INFORMATION

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

#### Reconciliation of profit to operating cash flow

	31 December 2021 \$m	31 December 2020 \$m
Profit for the half year attributable to stapled unitholders	446.0	351.5
Revaluation of investment properties	(269.4)	(163.3)
Amortisation expenses	50.3	55.6
Impairment loss on receivables	25.9	12.0
Lease incentives and straight-lining of lease revenue	(24.6)	(39.5)
Net gain on financial assets revalued through profit or loss	(1.1)	(1.1)
Net loss/(gain) on sale of assets	1.2	(2.5)
Share of net profit of JV, net of distributions received	(2.8)	(6.9)
Change in operating assets and liabilities	(17.6)	23.1
<b>Net cash inflows from operating activities</b>	<b>207.9</b>	<b>228.9</b>

### D3 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 2021, 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 2021.

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

	31 December 2021				30 June 2021			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets carried at fair value</b>								
Units in unlisted funds	-	-	62.0	62.0	-	-	74.5	74.5
<b>Closing balance</b>	-	-	62.0	62.0	-	-	74.5	74.5

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 2021	30 June 2021
	Units in unlisted funds \$m	Units in unlisted funds \$m
Balance 1 July	74.5	65.6
Acquisitions	-	1.2
Net gain on financial instruments	1.1	7.7
Return of capital	(13.6)	-
<b>Closing balance</b>	<b>62.0</b>	<b>74.5</b>

## 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
<b>31 December 2021</b>	<b>5.1</b>	<b>201.1</b>	<b>28 February 2022</b>
31 December 2020	4.8	189.0	1 March 2021

### 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 2021		30 June 2021	
	No. units m	Units \$m	No. units m	Units \$m
Balance 1 July	3,936.0	5,373.6	3,932.7	5,367.2
Stapled units issued under the EEP	-	-	0.5	0.9
LTI vested	5.1	13.4	2.7	5.0
Legacy schemes vested	0.1	0.1	0.1	0.3
Reversal of costs of issuing equity	-	-	-	0.2
<b>Closing balance</b>	<b>3,941.2</b>	<b>5,387.1</b>	<b>3,936.0</b>	<b>5,373.6</b>

The number of stapled units issued as listed on the ASX at 31 December 2021 was 3,942.6m (June 2021: 3,937.4m) which includes 1.4m of stapled units issued under the Employee Incentive Scheme (EIS) (June 2021: 1.4m). 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

Receivables are initially recognised at their fair value. Receivables are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment if required. Due to the short-term nature of current receivables, their carrying amount (less loss allowance) is assumed to be the same as their fair value.

For the majority of the non-current receivables, the carrying amount is also not significantly different to their fair value. The expected credit loss (ECL) of receivables is reviewed on an ongoing basis. The consolidated entity applies the simplified approach to measuring ECL as appropriate based on the different characteristics of each financial asset class. To measure the ECL, management has grouped together the consolidated entity's receivables based on shared credit risk characteristics and the days past due. The consolidated entity uses judgement in making assumptions about risk of default and ECL rates and the inputs to the impairment calculation, based on the consolidated entity's past history, existing market conditions and future looking estimates at the end of each reporting period. Receivables which are known to be uncollectable are written off.



The consolidated entity has considered the impact on its trade debtors in light of increased credit risk resulting from the impacts of COVID-19.

#### Trade debtors

For trade debtors relating to the consolidated entity's investment property rental income, many of its tenants have experienced cash flow and financial difficulties, in particular the retail sector, where the operating environment has been dominated by lockdowns and restrictions directly impacting customer traffic and operator performance.

The calculation of the ECL considers the historical bad debt write-offs which are specific to each segment and adjusted for specific known factors, including:

- financial situation of a tenant;
- industry in which the tenant operates and if this has been impacted by mandatory government restrictions;
- size and legal structure of the tenant;
- location and demographic information affecting the tenant; and
- sales data, rental relief requests and other impacts on trading activities during the pandemic.

For the half year ended 31 December 2021, the ECL recognised during the half year was \$25.9m (December 2020: \$12.0m). This amount is included in impairment loss on receivables in the consolidated SoCl.

	31 December 2021			30 June 2021		
	Gross \$m	Loss allowance \$m	Net \$m	Gross \$m	Loss allowance \$m	Net \$m
Trade receivables	51.0	(42.8)	8.2	25.6	(19.5)	6.1
Accrued income	16.1	-	16.1	2.4	-	2.4
<b>Total receivables</b>	<b>67.1</b>	<b>(42.8)</b>	<b>24.3</b>	<b>28.0</b>	<b>(19.5)</b>	<b>8.5</b>

#### Ageing

	Not past due	Days past due					Total
		1 - 30	31 - 60	61 - 90	91 - 120	Over 120	
Total receivables	2.4	5.1	3.5	2.9	1.8	12.3	28.0
Loss allowance	-	-	(2.5)	(2.9)	(1.8)	(12.3)	(19.5)
Balance 30 June 2021	2.4	5.1	1.0	-	-	-	8.5
Total receivables	<b>24.3</b>	<b>7.5</b>	<b>7.5</b>	<b>6.6</b>	<b>6.1</b>	<b>15.1</b>	<b>67.1</b>
Loss allowance	-	(7.5)	(7.5)	(6.6)	(6.1)	(15.1)	(42.8)
<b>Balance 31 December 2021</b>	<b>24.3</b>	-	-	-	-	-	<b>24.3</b>

## F1 RECEIVABLES (continued)

### Loss allowance

	31 December 2021 \$m	30 June 2021 \$m
Balance 1 July	(19.5)	(36.8)
Amounts utilised for write-off of receivables	2.6	18.6
Loss allowance recognised	(25.9)	(1.3)
<b>Closing balance</b>	<b>(42.8)</b>	<b>(19.5)</b>

The consolidated entity does not have any significant credit risk exposure to a single customer. The consolidated entity holds \$71.3 million of tenant collateral (June 2021: \$64.4 million), primarily in the form of bank guarantees. The terms and conditions of the collateral are outlined in the lease agreements. Refer to note D3 for further details on the consolidated entity's exposure to, and management of, credit risk.

## 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 2021	31 December 2020
Basic EPU (cents)	11.3	8.9
Diluted EPU (cents)	11.3	8.9
Profit for the half year attributable to stapled unitholders used to calculate basic and diluted EPU (\$m)	446.0	351.5
WANOU used in calculating basic EPU (m)	3,940.1	3,935.1
WANOU used in calculating diluted EPU (m)	3,940.1	3,936.6

## F3 BUSINESS COMBINATIONS

### Disposal of controlled entity

The George Street Trust, a controlled entity of MPT as at 30 June 2021, held a 50.0% interest in the investment property at 200 George Street, Sydney NSW. On 26 August 2021, MPT exercised its pre-emptive right as co-owner for The George Street Trust to acquire the remaining 50.0% of the investment property for \$578.5m plus associated acquisition costs. Concurrently on 26 August 2021 following the acquisition of the 50.0% interest in the investment property, MPT disposed 49.9% of its units in The George Street Trust.

MPT did not outlay cash for the 50% purchase of the investment property, with proceeds from the sale of the controlled entity being directed to satisfy payment to the vendor of 50% interest of the investment property. The net cash outflow, being the balance of cash and cash equivalents disposed of following deconsolidation was \$2.2m. The carrying value of the net assets at the time of disposal approximated the consideration received, resulting in no gain or loss on the sale recognised in the consolidated SoCI.

Management have concluded that MPT no longer has control of The George Street Trust and will account its remaining 50.1% investment as a joint venture using the equity accounting method in accordance with *AASB 128 Investments in Associates and Joint Ventures*.

## G RELATED PARTIES

### G1 RELATED PARTIES

#### The Responsible Entity

The Responsible Entity of the Trust is Mirvac Funds Limited, an entity incorporated in New South Wales and ultimately controlled by Mirvac Limited.

As outlined in the Explanatory Memorandum dated 4 May 1999, Mirvac Funds Limited charges MPT Responsible Entity fees on a cost recovery basis. Fees charged by Mirvac Funds Limited for the half year ended 31 December 2021 were \$11.2 million (December 2020: \$14.8 million).

#### Transactions with related parties

	Note	31 December 2021 \$000	31 December 2020 \$000
Property rental revenue from entities related to Responsible Entity		3,696	4,834
Fees paid to Responsible Entity		11,191	14,849
Interest paid to entities related to Responsible Entity		33,002	36,657
Property management fee expense paid to entities related to Responsible Entity		9,149	9,595
Capital expenditure paid to entities related to Responsible Entity		60,605	80,850
Purchase of investment property from related party <sup>1</sup>		240,398	48,500
		<b>31 December 2021 \$000</b>	<b>30 June 2021 \$000</b>
Amounts due to entities related to Responsible Entity		38,523	28,716
Loans from entities related to Responsible Entity	D1	2,070,000	1,884,000

<sup>1</sup> Includes units in trusts holding investment properties

Transactions between the consolidated entity and related parties were made on commercial terms and conditions.

Transactions between Mirvac and its JVs were made on commercial terms and conditions. Distributions received from JVs were on the same terms and conditions that applied to other unitholders.



**Mirvac Property Trust and its controlled entities**  
**Directors' declaration**  
**For the half year ended 31 December 2021**



In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 23 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 2021 and of its performance for the financial half year ended on that date; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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.

A handwritten signature in black ink that reads 'Susan Lloyd-Hurwitz'.

**Susan Lloyd-Hurwitz**  
Director

Sydney  
10 February 2022



## **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 2021, 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 2021 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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

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report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

*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 2021 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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'V. Papageorgiou'.

Voula Papageorgiou  
Partner

A handwritten signature in cursive script that reads 'Joe Sheeran'.

Joe Sheeran  
Partner

Sydney  
10 February 2022



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