MIRVAC GROUP | 09 FEBRUARY 2023

1H23 Interim Report

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INTERIM REPORT

For the half year ended 31 December 2022

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities)

ABOUT THIS REPORT

This Interim Report 2023 is a consolidated summary of Mirvac Group's operational and financial performance for the half year ended 31 December 2022. In this report, unless otherwise stated, references to 'Mirvac', 'Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to Mirvac Limited and its controlled entities, as a whole. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities. References to a 'half year' refer to the period between 1 July 2022 and 31 December 2022. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. The consolidated financial statements included in this report were authorised for issue by the Directors on 9 February 2023. The Directors have the power to amend and reissue the financial statements. This Interim Report does not include all the information and disclosures usually included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report FY22 and any public announcements made by Mirvac during the interim reporting period. Mirvac's Interim Report can be viewed on, or downloaded from Mirvac's website, www.mirvac.com.

ABOUT MIRVAC

Mirvac is an Australian Securities Exchange (ASX) top 50 company with an integrated asset creation and curation capability. For more than 50 years, we've dedicated ourselves to shaping Australia's urban landscape, with a strong focus on sustainability, innovation, safety, and placemaking. Our contribution to Australian cities is reflected in the $35bn of assets we own and manage across office, industrial, retail and build to rent, along with our $12.5bn commercial development pipeline and our $17.4bn residential development pipeline.

Our integrated approach gives us a competitive advantage across the entire lifecycle of a project; from planning through to design, development and construction, leasing, property management and long-term ownership. Meanwhile, our purpose, Reimagine Urban Life, inspires us to think about how we can redefine the landscape and create more sustainable, connected and vibrant urban environments for our customers, leaving a lasting legacy for generations to come.

Located in Australia's key cities of Sydney, Melbourne, Brisbane, Canberra and Perth, we have an unmatched reputation for delivering superior products and services across our businesses.

REVIEW OF OPERATIONS AND ACTIVITIES

1H23 RESULTS AND PERFORMANCE SUMMARY

Mirvac's continued focus on executing against its strategic objectives helped to deliver a solid result for the six months to 31 December 2022 (1H23), despite ongoing supply chain constraints, labour shortages, wet weather, inflationary pressures and higher interest rates. Our half year result included an operating profit after tax of $305m, representing 7.7 cents per stapled security (cpss) and an increase of approximately 3 per cent on 1H22. This was primarily driven by growth in our Integrated Investment Portfolio (IIP). We expect that Development EBIT will be skewed towards the second half of FY23, due to the anticipated delivery of key residential projects, as well as opportunities in our Commercial & Mixed Use (CMU) business.

Our statutory profit of $215m was $350m (or 62 per cent) lower than the prior corresponding period, driven by lower investment property revaluations. While investment property revaluations were lower, we recorded a revaluation uplift of $35m, predominantly driven by Industrial. Our statutory result also included non-operating transaction costs of $44m associated with securing the management rights to the AMP Capital Wholesale Office Fund (now known as the Mirvac Wholesale Office Fund or MWOF), and devaluations on a small number of development projects.

Key updates from the Group over the past six months:

- improved metrics across IIP, including increased occupancy of 97.6 per cent and stabilised cash collection at 98 per cent
- progressed 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]
- successfully transitioned MWOF, with assets valued at $8bn as at 31 December 2022, lifting external assets under management to $18bn
- realised development earnings on the sale of 34 Waterloo Road, Macquarie Park, Sydney
- commenced construction at Aspect Industrial Estate, Kemps Creek, Sydney (approximately 64 per cent pre-leased) [2]
- acquired the remaining 49 per cent stake in Switchyard Industrial Estate, Auburn, Sydney
- achieved practical completion at our second build to rent asset, LIV Munro, Melbourne and maintained high occupancy at LIV Indigo, Sydney (95 per cent leased and stabilised)
- settled 807 residential lots and have retained guidance of more than 2,500 lot settlements in FY23 [3]
- exchanged 845 residential lots. Our pre-sales balance increased to $1.7bn in the six months to 31 December 2022, providing good visibility of future earnings
- released the third iteration of our sustainability strategy, *This Changes Everything*, setting new targets to be net positive carbon in scope 1, 2 and 3 by 2030 and to invest $50m towards creating a strong sense of belonging in the community.

FINANCIAL PERFORMANCE

	1H23 $m	1H22 $m	Movement $m
Investment EBIT	**335**	270	65
Development EBIT	**94**	162	(68)
Commercial & Mixed Use	***58***	*73*	*(15)*
Residential	***36***	*89*	*(53)*
Segment EBIT	**429**	432	(3)
Unallocated overheads	**(42)**	(41)	(1)
Group operating EBIT	**387**	391	(4)
Operating profit after tax	**305**	297	8
Development revaluation (loss)/gain	**(19)**	48	(67)
Investment property revaluation	**35**	260	(225)
Other non-operating items	**(106)**	(40)	(66)
Statutory profit attributable to stapled securityholders	**215**	565	(350)

KEY PERFORMANCE METRICS

	1H23	1H22	Movement
EPS (cpss) [4]	**7.7**	7.5	0.2
DPS (cpss)	**5.2**	5.1	0.1
Net Tangible Assets ($ per security) [5]	**2.79**	2.75	0.04

1. Net price includes settlement adjustments and excludes selling costs.
2. Includes non-binding heads of agreement.
3. Subject to the impact of inclement weather and skilled labour constraints on construction and delivery programs.
4. Calculated on operating profit after tax.
5. NTA per stapled security excludes intangible assets, right-of-use assets and deferred tax assets, based on ordinary securities including EIS securities. NTA for 1H22 has been restated to exclude deferred tax assets.

REVIEW OF OPERATIONS AND ACTIVITIES

GROUP CASH FLOW

The Group's operating cash flow in the first half of the financial year of ($199m) was down $612m on 1H22, driven by the sell down of Mirvac's interest in the Locomotive Workshop, South Eveleigh, Sydney, and the final fund-through payment for Heritage Lanes, 80 Ann Street, Brisbane in the prior corresponding period. There was also a reduction in residential net cashflow due to higher construction spend and lower settlement volumes in 1H23. This was partly offset by proceeds from the disposal of 34 Waterloo Road, Macquarie Park, Sydney.

Investing cash outflows of ($263m) decreased by $64m on 1H22, driven by development expenditure for investment properties under construction, including 55 Pitt Street, Sydney, and LIV Munro and LIV Aston, Melbourne. Cash outflows also related to the acquisition of the remaining 50 per cent interest in Switchyard, Auburn, Sydney. Key inflows for the period included proceeds from the sale of 189 Grey Street, Brisbane and Allendale Square, Perth.

Financing cash outflows of ($29m) related to a net debt draw down of $170m, reflecting the cash flow needs of the business, as well as the distribution payment of $202m for FY23.

	1H23 $m	1H22 $m	Movement $m
Operating cash flow	**(199)**	413	(612)
Investing cash flow	**(263)**	(327)	64
Financing cash flow	**(29)**	(133)	104

CAPITAL MANAGEMENT

Our prudent approach to capital management in 1H23 ensured we continued to maintain sufficient liquidity and financial flexibility to manage through a challenging operating environment. Our strong balance sheet, access to diversified sources of funding, a long weighted average maturity, and limited debt expiries in any one year ensures the business is well positioned to navigate volatilities in capital markets and take advantage of future growth opportunities as they emerge.

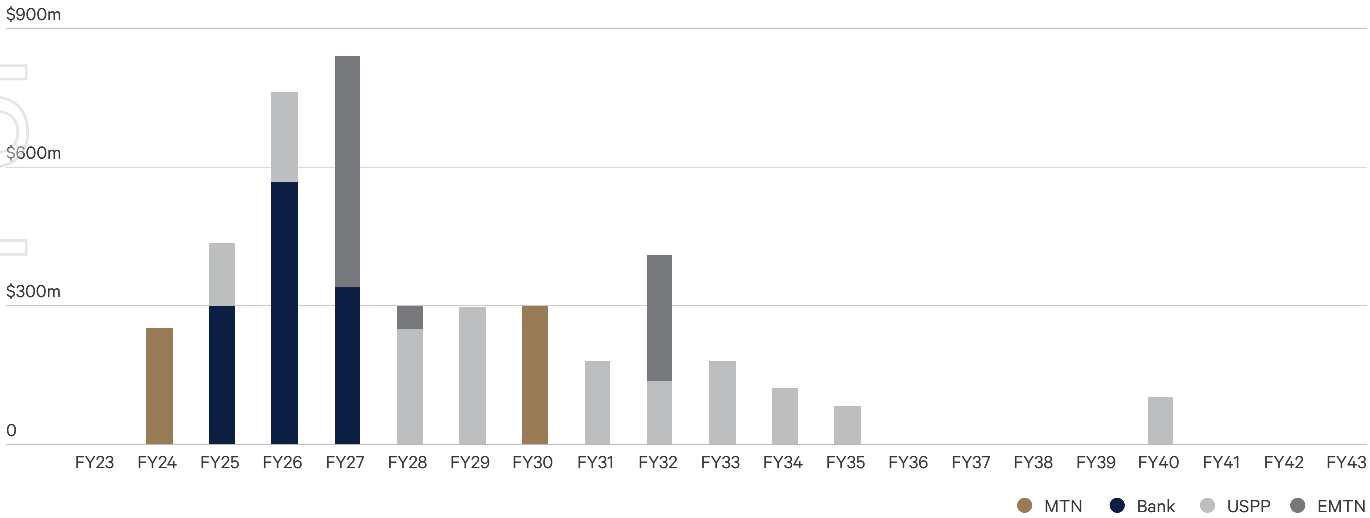
Key outcomes of our capital management focus in 1H23 included:

> 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.

In line with our sustainability objectives and under our Sustainability Finance Framework, all financing undertaken during the period was certified green by the Climate Bonds Initiative, taking our total green debt facilities to $2bn.

	1H23	FY22	Movement
Gearing (%)[1]	**24.5**	21.3	3.2
Liquidity ($m)	**1,167**	1,368	(201)
Weighted average debt maturity (years)	**5.3**	5.6	(0.3)
Net debt ($m)	**4,193**	3,532	661
Average borrowing cost (as at 31 December and 30 June)[2]	**4.8**	3.9	0.9
Credit rating (Fitch Ratings/Moody's Investor Service)	**A-/A3**	A-/A3	—

Drawn debt maturities as at 31 December 2022



1. Net debt (at foreign exchange hedged rate) / (tangible assets – cash).
2. Weighted average cost of debt was 4.5 per cent over the six months to 31 December 2022 , and 3.4 per cent over the 12 months to 30 June 2022.

REVIEW OF OPERATIONS AND ACTIVITIES

FY23 OUTLOOK [1]

Mirvac's integrated model provides a resilient business that continues to deliver stable earnings, sustainable distributions, and attractive returns for our securityholders.

While high inflation and interest rates have created uncertainty for consumers and placed pressure on macro-economic growth, the continued normalisation of business activities, the resumption in overseas migration, and the flight to high-quality assets place Mirvac in a strong position to navigate the challenging climate. For the balance of FY23, our focus remains on executing our strategic objectives, maintaining a disciplined approach to capital management, and delivering outstanding customer experiences through our focused asset creation and curation capability.

The Group has reaffirmed operating earnings per security of at least 15.5 cents in FY23, and distribution per security of at least 10.5 cents, along with a target of greater than 2,500 residential lot settlements [2].

INTEGRATED INVESTMENT PORTFOLIO

Mirvac's Integrated Investment Portfolio comprises assets across office, industrial, retail and build to rent, with approximately $13.2bn [3] of assets on our balance sheet.

In 1H23, IIP delivered earnings before interest and tax (EBIT) of $335m, up 24 per cent on 1H22 and driven by:

> improved cash collections
> additional income from completed developments, including Heritage Lanes, 80 Ann Street, Brisbane and the Locomotive Workshop, South Eveleigh, Sydney
> like-for-like NOI growth of $9m, reflecting a return to more normalised operating conditions
> higher fees from growth in asset and funds under management.

The rapid increase in bond yields created uncertainty in capital markets and resulted in lower volumes of real estate transactions during the period. Despite these headwinds, we saw a modest increase in Investment property revaluations of $35m in 1H23 (1H22: $260m), primarily driven by valuation uplift in our industrial portfolio. Office and retail portfolio valuations remained broadly flat, a testament to the quality of the underlying modern portfolio.

Solid progress was made on our $1.3bn non-core asset sales program, with Allendale Square, Perth and 189 Grey Street, Brisbane sold at around book value, and contracts exchanged for the sale of Stanhope Village, Sydney during the period, also at around book value.

	1H23 $m	1H22 $m	Movement $m
Net operating income			
Office	**205**	181	24
Industrial	**28**	27	1
Retail	**90**	65	25
Build to Rent and other	**4**	2	2
Assets and funds management EBIT	**29**	16	13
Management and administration expenses	**(21)**	(21)	—
Investment EBIT	**335**	270	65
Investment property revaluation [4]	**35**	260	(225)
Total Integrated Investment Portfolio return	**370**	530	(160)

Portfolio metrics	1H23	FY22	1H22
Investment portfolio value ($m) [5]	**13,191**	13,492	13,364
Weighted average capitalisation rate (%)	**4.99**	5.00	5.08
Occupancy (%) [6]	**97.6**	97.3	97.0
Cash collection (%)	**98**	97	92
Weighted average lease expiry (years) [7]	**5.3**	5.6	5.6
Leasing (sqm) [8]	**106,992**	110,879	55,808

1. 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.
2. Subject to the impact of inclement weather and labour constraints on construction and delivery programs.
3. Includes properties under construction.
4. Excludes development revaluation gain and includes Mirvac's share in the joint ventures and associates (JVA) revaluation of investment properties, which is included within share of net profit of JVAs.
5. Includes IPUC and assets classified as held for sale, and excludes AASB 16 lease liability gross up amounts.
6. By area and excluding Build to Rent.
7. By income and excluding Build to Rent.
8. Excludes Build to Rent.

REVIEW OF OPERATIONS AND ACTIVITIES

INTEGRATED INVESTMENT PORTFOLIO OUTLOOK [1]

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 expanding capitalisation rates 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 our recurring income stream.

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 of our retail portfolio by income) has been slower to recover from the impact of COVID-19 restrictions, however, we expect to see foot traffic continue to increase with the return of overseas migration and international students. All of 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.

Build to Rent

Rental markets continue to rapidly improve, with record low vacancy and rents recovering to pre-COVID-19 levels. This strong growth is further enhanced by record low unemployment rates, rising levels of migration, and population growth in cities, while broader apartment supply is moderating further. Leasing at our operational assets continues to progress well, with our second asset, LIV Munro, Melbourne, outperforming forecasted leasing in the first two months of operations.

Funds Management

During the six months to 31 December 2022, we continued to grow our third-party capital, securing the management rights to the AMP Capital Wholesale Fund, being appointed as trustee, and successfully transitioning the Fund to Mirvac. MWOF comprises 11 Prime-grade office assets located in the key employment markets of Sydney and Melbourne. Following the MWOF transaction, our third-party capital under management increased to $18bn. MWOF will deliver investment management fees, property management fees, leasing and capital expenditure fees, and debt procurement fees to the Group.

We have continued to execute our strategy of establishing and growing our Funds Management platform through the incremental conversion of our current development pipeline, establishing new relationships to cater for future growth and key strategic disposals. Our integrated model provides flexible and efficient development opportunities to attract capital to the Group and establish recurring income streams, as we create and curate world-class assets. The next phase will see our capital partnering initiatives for our Build to Rent platform progressed, with completion expected in 2H23. The platform will include LIV Indigo, Sydney and LIV Munro, Melbourne (both completed) and other assets currently under development. Capital partnerships are also being explored for our industrial developments.

COMMERCIAL & MIXED USE (CMU)

Through our CMU business, Mirvac delivers world-class office, industrial, build to rent, and large-scale urban renewal projects designed to support the growth and evolution of our cities. Our unique in-house, mixed-use development capability provides benefits of future income, development value creation, and funds management opportunities.

In 1H23, EBIT in CMU was primarily driven by the sale of 34 Waterloo Road, Macquarie Park, Sydney, with significant development earnings realised. In addition, residual development earnings were recognised on completed projects, including the Locomotive Workshop at South Eveleigh, Sydney and Heritage Lanes at 80 Ann Street, Brisbane. This was offset by a net development revaluation loss of $19m, driven by a negative revaluation of LIV Albert Fields, Melbourne, due to planning delays, and partially offset by a positive revaluation of LIV Munro, Melbourne, which reached practical completion during 1H23.

Mirvac's $12.5bn CMU development pipeline is diverse and flexible, comprising projects at various stages of the development lifecycle. In 1H23, the completion of LIV Munro and the sale of 34 Waterloo Road reduced the size of our pipeline. This was offset, however, by value added to the remaining portfolio through design, planning and leasing.

1. 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.

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REVIEW OF OPERATIONS AND ACTIVITIES

COMMERCIAL & MIXED USE (CMU) *continued*

	1H23 $m	1H22 $m	Movement $m
Commercial & Mixed Use EBIT	**58**	73	(15)
Development revaluation (loss)/gain	**(19)**	48	(67)
Total Commercial & Mixed Use return	**39**	121	(82)

Key metrics	1H23	FY22	1H22
Total development pipeline ($m)[1]	**12,472**	12,452	12,906
Committed development pipeline ($m)	**2,105**	2,197	2,192

COMMERCIAL & MIXED USE PROJECT UPDATES

Office and Mixed Use

- Progressed vacant possession and lodgement of DA at Harbourside, Sydney, with demolition expected to commence in early 2023
- Completed demolition works and progressed civil works at 55 Pitt Street, Sydney, with construction expected commencing in 2023, subject to pre-leasing
- Commenced early works and continued discussions with potential tenants at 7 Spencer Street, Melbourne, with development approval in place for a 45,000sqm office building
- Continued community consultation ahead of master planning for the mixed use redevelopment of the former Toombul Shopping Centre site in Brisbane.

Industrial

- Achieved further pre-leasing success at Switchyard, Auburn in Sydney, which is now 76 per cent pre-committed. Completion of the 72,000sqm last-mile estate remains on track for FY23
- Commenced construction at Aspect Industrial Estate, Kemps Creek, our first embodied carbon positive development. The 211,000sqm estate is approximately 64 per cent pre-leased, with strong tenant engagement for the remaining space
- Continued to progress the initial development application at Elizabeth Enterprise, Badgerys Creek, Sydney, with the Western Sydney Aerotropolis Precinct Plan finalised in March 2022
- Sold 34 Waterloo Road, Macquarie Park, Sydney, realising significant development earnings.

Build to Rent

- Achieved practical completion at LIV Munro, Melbourne (490 purpose-built apartments) in November, with 32 per cent of apartments leased as at January 2023[2]
- Progressed construction at LIV Anura in Newstead, Brisbane (396 apartments), which is expected to complete in FY24
- Progressed construction at LIV Aston in Melbourne (474 apartments), which is expected to complete in FY25
- Completed demolition at LIV Albert Fields in Brunswick, Melbourne (approximately 498 apartments).

COMMERCIAL & MIXED USE OUTLOOK[3]

Office & Mixed Use

Despite softening market conditions and elevated vacancy, tenant and capital demand for modern, well-located office buildings in CBD locations is sound, supporting our substantial office and mixed use development pipeline. Tenants continue to demonstrate a clear preference for new, premium office buildings that offer the latest in sustainability, wellness and technology features, and facilitate collaboration. Our secured office and mixed use development pipeline is well placed to benefit from the ongoing flight to quality.

Industrial

Customer demand remains strong for our industrial developments, which continue to benefit from limited supply and very low vacancy. This elevated customer interest continues to support the roll-out of our Sydney-based industrial development pipeline, secured on attractive terms, which includes Switchyard Industrial Estate in Auburn, Aspect Industrial Estate at Kemps Creek, and Elizabeth Enterprise Precinct at Badgerys Creek.

Build to Rent

Solid market fundamentals bode well for the delivery of our $1.2bn secured pipeline of build to rent projects between FY23 and FY25, with low unemployment rates, record low rental vacancy, rising levels of migration, and population growth in cities. Broader apartment supply also continues to be constrained.

1. Represents 100 per cent of expected end value/revenue, subject to various factors outside of Mirvac's control.
2. LIV Munro was 18 per cent leased as at 31 December 2022.
3. 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

RESIDENTIAL

For over 50 years, Mirvac has created high-quality apartments and masterplanned communities (MPC). We have a $17.4bn residential development pipeline, with over 24,466 lots under our control, weighted to our core markets of Sydney, Melbourne, Brisbane and Perth.

Residential EBIT in 1H23 was 60 per cent lower than in 1H22, with 1H22 having benefitted from government stimulus, lower interest rates, and significant EBIT contributions from apartment projects. Higher interest rates in 1H23 have also contributed to slowing market conditions, while sustained wet weather on the east coast of Australia and COVID-19-related delays have placed pressure on residential programs and settlement timings. In addition, cost escalation, supply chain constraints, and labour shortages have added further complexities.

MPC projects, including Smiths Lane and Woodlea in Victoria, and Googong in New South Wales, contributed 93 per cent of total settlements in 1H23, resulting in a higher gross margin of 28 per cent. This is expected to normalise in the second half of the financial year as settlements for apartment projects commence. Sales activity over the past six months has moderated from elevated levels in 1H22, impacted by lower first-home buyer activity, uncertainty over rising rates, and a reduction in planned launches. Despite this, we continue to see solid enquiry and sales activity across our projects, led by upgraders and right-sizers attracted to Mirvac's track record of delivery, quality of product, and upfront amenity. This is demonstrated by strong sales success at Isle at Waterfront Newstead, Brisbane and continued sales momentum at Green Square, Sydney, along with activity across our masterplanned communities, which have lifted our pre-sales balance to $1.7bn.

	1H23	1H22	Movement
Residential EBIT ($m)	**36**	89	(53)
Lots released	**865**	1,589	(724)
Lots exchanged	**845**	1,814	(969)
Lots settled	**807**	1,303	(496)
Pre-sales secured ($m)	**1,707**	1,461	246
Defaults (%)	**3.2** [2]	<2	>1.2
Gross development margin (%)	**27.6**	24.2	3.4
Pipeline lots	**24,466**	26,820	(2,354)
Invested capital ($m)	**2,023**	1,723	300

RESIDENTIAL PROJECT UPDATES

> Progressed our major apartment release program, which will underpin future earnings for the Group. This included the launch of Isle at Waterfront Newstead, Brisbane (63 per cent pre-sold), and achieved further sales at Charlton House at Ascot Green, Brisbane (63 per cent pre-sold) and Portman on the Park, Portman House, and The Fredrick at Green Square, Sydney (66 per cent pre-sold across all stages)

> Exchanged 845 lots across key projects at Woodlea, Vic; Googong, NSW; Isle at Waterfront Newstead, Brisbane; Everleigh, Brisbane; Smiths Lane, Melbourne; and Green Square, Sydney

> Progressed planning approvals for a number of projects, including 55 Coonara Avenue, Riverlands, and Cobbity in Sydney and Googong, NSW, which will support the delivery of our forward-looking pipeline

> Achieved a significant reduction in completed unsold inventory, with 53 completed apartments sold in 1H23.

RESIDENTIAL OUTLOOK [1]

While market momentum in the residential sector has normalised as a result of rising interest rates and inflation, underlying fundamentals remain strong. This includes low unemployment, above-average wage growth, above-average levels of overseas migration, tight rental vacancy, restricted future supply, compelling relative affordability of new product, and strong household balance sheets. We continue to experience strong demand from owner-occupiers in established precincts, such as Waterfront Newstead, Brisbane and Green Square, Sydney, with buyers focused on well-designed, high-quality product supported by physical and social infrastructure. Mirvac's reputation for certainty of delivery and quality also continues to benefit the Group in a challenging market.

We have the potential to launch a further five major apartment projects over the next 12 months, including:

> 699 Park Street, Melbourne, a premium offering of 168 apartments overlooking Princes Park

> the next stage at Yarra's Edge (Tower 9), Melbourne, comprising 191 apartments, and our most premium offering in the precinct to date

> our newly acquired site on 31 Queens Road, Melbourne, a boutique offering of 110 apartments overlooking Albert Park

> the first apartment release at The Fabric, Melbourne, comprising 88 apartments

> the next release at Stage 2 of NINE by Mirvac, Willoughby, comprising 107 apartments.

This launch profile, complemented by a further release of nearly 800 MPC lots, is expected to further elevate pre-sales in the coming years and contribute to future residential earnings.

1. 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.
2. Excluding Voyager, Melbourne, defaults were 0.1 per cent.

REVIEW OF OPERATIONS AND ACTIVITIES

RISK MANAGEMENT

The Mirvac Board is responsible for ensuring the effectiveness of Mirvac's risk management framework, which is consistent with the Australian and New Zealand standard on risk management (ISO 31000:2018). The Board has charged Mirvac's leadership team with the responsibility for managing risk across the Group and implementing mitigation strategies under the direction of the CEO & Managing Director, supported by other senior executives. The Group Risk function is responsible for embedding the risk management framework, advising business units on risk management plans, and consolidating risk reporting to senior executives, the Audit, Risk & Compliance Committee, and the Board. Our Risk Management Policy is available on our website: https://www.mirvac.com/about/corporate-governance.

In 1H23, we continued to experience increased complexity and a challenging and uncertain operating environment. Global supply chains continue to be disrupted, interest rates and inflation are expected to peak higher for longer, competition for talent remains acute, climate risks continue to accelerate, access to and cost of capital continues to deteriorate, and some structural changes originating from COVID-19 have continued to play out across key sectors. Alongside this, there have been several high-profile cyber security incidents across a range of sectors in Australia during the reporting period. We will continue to work on positioning the Group for long-term success by managing the risks that have the potential to impact the achievement of our targeted financial and sustainability outcomes.

A number of the risks and opportunities we face in delivering our strategic plan are set out in the table below. They are largely related to our portfolio of assets and are typical of a property group. These are not the only risks associated with Mirvac. The risks are grouped by theme, rather than order of importance.

Key risks and opportunities	How we're addressing them
Investment performance Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.	Mirvac collaborates with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are based on due diligence and market research to ensure investor confidence is retained. Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders. We have a disciplined approach to acquisitions and to maintaining growth through our sustainable and diversified integrated business model, and through our in-house asset creation capability to create new, high-quality assets, curating those assets (and assets we manage on behalf of our partners) through customer experience and management.
Macro environment Mirvac is impacted by changing domestic and international economic and macroprudential and regulatory measures, which impact access to capital, investor activity, and foreign investment.	Our portfolio, with high-quality, modern, urban and sustainable characteristics and a diversified, flexible development pipeline, means we are well placed to manage through the cycle. We monitor a wide range of economic, property market and capital market indicators and use trend analysis to assess macro-economic changes, and we are attentive to these shifts. We maintain a robust balance sheet and appropriate gearing to ensure we can respond to unforeseen economic shocks.
Capital management Maintaining a diversified capital structure to support delivery of stable investor returns and maintain access to equity and debt funding.	Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain an investment-grade credit rating of A-/A3 to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent. Mirvac developed a Sustainable Finance Framework, which aligns financing with sustainability philosophy and performance.
Social responsibility In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.	Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust, and we track trust and reputation through stakeholder research. We provide sound earnings visibility, guidance and full disclosure to our securityholders so they can make informed choices.
Impacts of climate change Climate change can not only affect our assets, it can affect our business operations. It is vital that Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio and by building resilience throughout the business.	Mirvac regularly assesses its portfolio for climate risk and resilience. We report under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and climate risk is incorporated as a consideration in due diligence during the acquisition and development process. We strive to design developments and major upgrades to a high standard for green building and community certifications, as well as energy and water performance ratings. Mirvac's ESG Strategy, *This Changes Everything*, includes targets to eliminate carbon emissions and be net positive in scope 3 emissions by 2030, and to commit to new potential methods of external verification to monitor progress on emissions reduction.

REVIEW OF OPERATIONS AND ACTIVITIES

Key risks and opportunities	How we're addressing them
Supply chain With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.	Mirvac has well-established processes to oversee key risk areas such as modern slavery, worker exploitation, material import risk, high-risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation. During 1H23, we launched our third Modern Slavery Statement, focused on identification of modern slavery risks, and clear oversight of activities in higher risk areas of the supply chain. Supply chain disruption, accelerated by COVID-19, geopolitical tensions and the impact of cost-escalation, labour shortages and insolvencies in the construction industry are actively managed through supply continuity plans and alternative supply arrangements.
Planning and regulation Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.	Mirvac has proactive and constructive engagements with all levels of government to ready our business to respond to changing community and stakeholder expectations. Approval timeframes are built into project delivery plans and are actively managed to minimise the impact on returns.
Health and safety Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and is critical to Mirvac's ongoing success.	We continue to pursue safety excellence and operations integrity, with an emphasis on the effective management of major hazards and on improving the physical and psychological health and safety of employees, suppliers, and members of the community. During 1H23, we continued to strengthen HSE practices, leadership and culture, while recognising that the ongoing management and response to psychosocial hazards, including those linked to the COVID-19 pandemic, will continue for the foreseeable future.
People We require a motivated, high-performing, and capable workforce to deliver business strategy and a desired culture.	Mirvac's People Strategy includes a range of initiatives designed to ensure we have the right culture and capabilities, so our people are engaged and enabled to deliver on our strategy, particularly in an uncertain and changing operating environment, in which labour markets are currently constrained. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace.
Digital disruption Technology is changing our world at a rapid pace. It is important that we embrace new digital-enabled ways of working and customer experiences to maintain relevance, and that we continue to innovate.	A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Mirvac is committed to ensuring that we have the right people, processes, and systems to take advantage of disruption and to create a competitive advantage. Our innovation program, Hatch, ensures that we continue to innovate in a meaningful way. We also continue to invest in people, technology and transformation programs to ensure that digital experiences are continually evolving and that the organisation is future fit and scalable.
Business resilience It is crucial we have the ability to manage a major incident causing physical or information disruption in a timely and efficient manner and adapt to changes in our operating markets.	Mirvac has an embedded operational resilience program that enables the business to effectively manage and continue business-critical processes during a business-impacting event. This includes cyber security threats and/or breaches of our information systems, adaptation to (and risk transfer for) changes in operations and markets, and/or damage to physical assets as a result of extreme weather or natural events, which could cause significant damage to our business and reputation.
Cyber risk Cyber security and information privacy are an increasing risk for Mirvac given the dynamic nature of these threats, the changing compliance and regulatory landscape, and the importance of safeguarding intellectual property, Information Technology and Operational Technology systems, contractual agreements, and employee and customer information.	Mirvac has a cyber security strategy and framework (which aligns to the National Institute of Standards and Technology (NIST) cyber security framework) to help prevent and detect cyber threats, and to respond and recover from cyber-related incidents, which have the potential to cause significant damage to our business and reputation.
Key partners Our partners play a vital role in our business and our sustained success is driven by the strength of these relationships. It is crucial that we build long-term mutually beneficial relationships that benefit from trust, transparency, strategic alignment, and shared values.	Our partner relationships are based on delivering mutual benefit to all parties. Our Value Creation model has a focus on committed partners and enables the delivery of our strategy through the partner lens. Fit-for-purpose governance frameworks are in place to manage Mirvac's capital partnerships.

REVIEW OF OPERATIONS AND ACTIVITIES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Mirvac's sustainability strategy, *This Changes Everything*, seeks to be a force for good. In 1H23, we launched the third iteration of our ESG, *This Changes Everything*, which is anchored by nine focus areas across the three pillars:

- **Environment:** carbon emissions, nothing wasted, and every drop of water.
- **Social:** our people, connection, and inclusion.
- **Governance:** procurement, finance and investment, and capability and disclosures.

KEY UPDATES FOR THE HALF YEAR ENDED 31 DECEMBER 2022:

Environment

- Set a new target to be net positive in the challenging area of scope 3 carbon emissions by 2030, mapping out our approach in a Net Positive Carbon Plan.

Social

- Committed to invest $50m over the next three years in creating a strong sense of belonging in the community
- Acknowledged by Good Company as one of the best workplaces to give back for the second year in a row, as well as being named as one of Australia's most generous companies in the fourth annual Australian Financial Review Corporate Philanthropy 50
- Broadened our knowledge of Indigenous Australia, with our Executive Leadership Team undertaking an immersive cultural experience in central Australia, walking some of the Larapinta Trail and meeting with community leaders.

Governance

- Released our third Modern Slavery Statement, which details our ongoing progress to build capability and set strong foundations for future action
- Achieved the top rating of 5 stars in the latest UN Principles for Responsible Investment
- Committed to the Science Based Targets Initiative and applied for certification as a B-Corp, which is a rigorous verification of our claims to be a force for good
- Mirvac Construction became the first business in Australia to be awarded the highest possible 5 Gold Star iCIRT rating, issued by regulated ratings agency Equifax[1]. The Independent Construction Industry Rating Tool evaluates an entity's capability, capacity, and ability to deliver a dependable building
- Recognised in the inaugural SL25 list for steward leadership in the Asia Pacific region by the Stewardship Asia Centre (SAC), the INSEAD Hoffmann Global Institute for Business and Society, and *The Straits Times*.

1. Equifax is a global data, analytics, and technology company.

DIRECTORS' REPORT

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group (Mirvac or Group) for the half year ended 31 December 2022. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities.

PRINCIPAL ACTIVITIES

The principal continuing activities of Mirvac consist of real estate investment, development, funds management and property asset management across three major segments: Integrated Investment Portfolio, Commercial & Mixed Use and Residential.

DIRECTORS

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

> 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.

REVIEW OF OPERATIONS

A review of operations of the Group during the half year and the results of those operations are detailed in the Review of operations and activities on pages 2 to 10.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 2 to 10. 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.

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 Mirvac'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 12 and forms part of the Directors' report.

ROUNDING OF AMOUNTS

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

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
9 February 2023

mirvac

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the review of Mirvac Limited 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 Limited and the entities it controlled during the period.

V. Papageorgiou

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
9 February 2023

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, www.pwc.com.au

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, www.pwc.com.au

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2022

	Note	31 December 2022 $m	31 December 2021 $m
Revenue		**773**	1,285
Other income			
Revaluation of investment properties	C1	**17**	306
Share of net profit of joint ventures and associates	C3	**56**	34
Gain on financial instruments		**9**	29
Total revenue and other income	B1	**855**	1,654
Development expenses		**223**	685
Cost of goods sold interest	B3	**5**	15
Inventory write-downs and losses		**1**	7
Selling and marketing expenses		**19**	27
Investment property expenses and outgoings	B3	**103**	95
Depreciation and amortisation expenses		**36**	35
Impairment loss on receivables		**—**	25
Employee expenses	B3	**58**	57
Finance costs	B3	**67**	49
Loss on sale of assets		**20**	2
Other expenses	B3	**96**	42
Profit before income tax		**227**	615
Income tax expense		**12**	50
Profit from continuing operations attributable to stapled securityholders	B1	**215**	565
Other comprehensive (loss)/income that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(4)**	11
Other comprehensive (loss)/income for the half year		**(4)**	11
Total comprehensive income for the half year attributable to stapled securityholders		**211**	576

Earnings per stapled security (EPS) attributable to stapled securityholders		Cents	Cents
Basic EPS	B2	**5.5**	14.3
Diluted EPS	B2	**5.5**	14.3

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

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		**67**	558
Receivables	F1	**189**	144
Inventories	C4	**1,175**	622
Derivative financial assets	D2	**1**	63
Other assets		**56**	42
Assets classified as held for sale	C2	**158**	—
Total current assets		**1,646**	1,429
Non-current assets			
Receivables	F1	**44**	30
Inventories	C4	**1,944**	1,639
Investment properties	C2	**11,793**	12,189
Investments in joint ventures and associates	C3	**1,424**	1,481
Derivative financial assets	D2	**165**	178
Other financial assets	D2	**77**	73
Other assets		**37**	49
Property, plant and equipment		**13**	13
Right-of-use assets		**25**	28
Intangible assets		**79**	79
Deferred tax assets		**8**	17
Total non-current assets		**15,609**	15,776
Total assets		**17,255**	17,205
Current liabilities			
Payables		**692**	730
Deferred revenue		**12**	17
Borrowings	D1	**250**	281
Other financial liabilities		**67**	66
Lease liabilities		**19**	8
Provisions		**234**	232
Current tax liabilities		**29**	42
Total current liabilities		**1,303**	1,376
Non-current liabilities			
Payables		**573**	571
Deferred revenue		**3**	3
Borrowings	D1	**4,030**	3,930
Lease liabilities		**58**	72
Derivative financial liabilities	D2	**138**	116
Provisions		**12**	11
Total non-current liabilities		**4,814**	4,703
Total liabilities		**6,117**	6,079
Net assets		**11,138**	11,126
Equity			
Contributed equity	E2	**7,533**	7,527
Reserves		**15**	23
Retained earnings		**3,590**	3,576
Total equity attributable to the stapled securityholders		**11,138**	11,126

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

The comparative amounts have been restated for the recognition of a put option liability presented in current other financial liabilities and non-controlling interest. Refer to note A Basis of preparation.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2022

		Attributable to stapled securityholders					
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance 30 June 2021		7,510	13	3,070	10,593	66	10,659
Recognition of financial liability	A	—	—	—	—	(66)	(66)
Restated total equity 30 June 2021		7,510	13	3,070	10,593	—	10,593
Profit for the half year		—	—	565	565	—	565
Other comprehensive income for the half year		—	11	—	11	—	11
Total comprehensive income for the half year		—	11	565	576	—	576
Transactions with owners of the Group							
Security-based payments							
Expense recognised – LTI and STI		—	7	—	7	—	7
LTI vested	E2	16	(16)	—	—	—	—
STI vested		—	(1)	—	(1)	—	(1)
Transfer from SBP reserve for unvested awards		—	(4)	4	—	—	—
Distributions	E1	—	—	(202)	(202)	—	(202)
Total transactions with owners of the Group		16	(14)	(198)	(196)	—	(196)
Balance 31 December 2021		7,526	10	3,437	10,973	—	10,973
Balance 30 June 2022		**7,527**	**23**	**3,576**	**11,126**	**66**	**11,192**
Recognition of financial liability	A	**—**	**—**	**—**	**—**	**(66)**	**(66)**
Restated total equity 30 June 2022		**7,527**	**23**	**3,576**	**11,126**	**—**	**11,126**
Profit for the half year		**—**	**—**	**215**	**215**	**—**	**215**
Other comprehensive loss for the half year		**—**	**(4)**	**—**	**(4)**	**—**	**(4)**
Total comprehensive (loss)/income for the half year		**—**	**(4)**	**215**	**211**	**—**	**211**
Transactions with owners of the Group							
Security-based payments							
Expense recognised – LTI and STI		**—**	**8**	**—**	**8**	**—**	**8**
LTI vested	E2	**6**	**(7)**	**—**	**(1)**	**—**	**(1)**
STI vested		**—**	**(1)**	**—**	**(1)**	**—**	**(1)**
Transfer from SBP reserve for unvested awards		**—**	**(4)**	**4**	**—**	**—**	**—**
Distributions	E1	**—**	**—**	**(205)**	**(205)**	**—**	**(205)**
Total transactions with owners of the Group		**6**	**(4)**	**(201)**	**(199)**	**—**	**(199)**
Balance 31 December 2022		**7,533**	**15**	**3,590**	**11,138**	**—**	**11,138**

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

The comparative amounts have been restated for the recognition of a put option liability presented in current other financial liabilities and non-controlling interest. Refer to note A Basis of preparation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2022

	31 December 2022 $m	31 December 2021 $m
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**834**	1,315
Payments to suppliers and employees (inclusive of GST)	**(981)**	(880)
	(147)	435
Interest received	**5**	3
Distributions received from joint ventures and associates	**54**	39
Distributions received	**1**	—
Interest paid	**(99)**	(64)
Income tax paid	**(13)**	—
Net cash (outflows)/inflows from operating activities	**(199)**	413
Cash flows from investing activities		
Payments for investment properties	**(389)**	(420)
Proceeds from sale of investment properties	**288**	129
Proceeds from loans to unrelated parties	**1**	5
Payments of loans to unrelated parties	**(18)**	—
Payments for property, plant and equipment	**(2)**	(1)
Contributions to joint ventures and associates	**(6)**	(55)
Proceeds from joint ventures and associates	**1**	1
Payments for software under development	**(1)**	(1)
Proceeds from investments	**1**	6
Payments for acquisition of subsidiary	**(138)**	—
Proceeds from acquisitions of subsidiaries, net of cash acquired	**—**	11
Deconsolidation of cash and cash equivalents upon disposal of controlled entities	**—**	(2)
Net cash outflows from investing activities	**(263)**	(327)
Cash flows from financing activities		
Proceeds from borrowings	**1,270**	730
Repayments of borrowings	**(1,100)**	(660)
Distributions paid	**(202)**	(201)
Proceeds from non-controlling interests	**7**	—
Principal element of lease payments	**(4)**	(2)
Net cash outflows from financing activities	**(29)**	(133)
Net decrease in cash and cash equivalents	**(491)**	(47)
Cash and cash equivalents at the beginning of the half year	**558**	117
Cash and cash equivalents at the end of the half year	**67**	70

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

A BASIS OF PREPARATION

Notes to the consolidated financial statements

MIRVAC GROUP – STAPLED SECURITIES

A Mirvac Group stapled security comprises one Mirvac Limited share 'stapled' to one unit in Mirvac Property Trust (MPT) to create a single listed security traded on the ASX. 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 MPT.

STATEMENT OF COMPLIANCE

The 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*.

The interim financial report does not include all the information and disclosures normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Mirvac Group during the interim reporting period.

BASIS OF PREPARATION

The accounting policies adopted are consistent with those adopted in the financial statements for the year ended 30 June 2022 except for the adoption of new and amended accounting standards. Refer to the below sections on new and amended standards adopted by the Group.

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

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

FOREIGN ENTITY

The Group includes a controlled foreign entity, MGR Insurance International Pte. Ltd., a company incorporated in Singapore. This entity complies with International Financial Reporting Standards.

COMPARATIVE INFORMATION

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

Specifically, the Group has restated the 30 June 2022 comparative amounts in relation to the recognition of a put option liability presented in current other financial liabilities of $66m (31 December 2021: $66m) and non-controlling interest of $66m (31 December 2021: $66m).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial statements requires estimation and judgement. The areas involving a higher degree of estimation or judgement were the same as those applied in the financial statements for the year ended 30 June 2022, with the exception of the new and amended standards as set out below.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Amended standards and interpretations adopted by the Group 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

Notes to the consolidated financial statements

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

B1 SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reporting provided to the Executive Leadership Team (ELT), who are the Group's chief operating decision maker.

The Group's operating segments are as follows:

Integrated Investment Portfolio

Manages the office, industrial, retail and build to rent property portfolio to produce rental income and capital appreciation.

This segment also manages joint ventures and associates, properties and funds for capital partners.

Commercial & Mixed Use

Designs, develops and constructs office buildings, industrial warehouses, retail precincts, build to rent apartments and mixed use offerings, which leverage Mirvac's multi-asset expertise.

Residential

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

Geographically, the Group operates in major urban areas across Australia.

During the half year, the Group recognised revenue of $95m from one external customer (December 2021: $372m from two external customers). This represents 12 per cent of total revenue and was attributed to the Commercial & Mixed Use segment (December 2021: 29 per cent). No other single customer in the current or prior period provided more than 10 per cent of the Group's revenue.

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

KEY PROFIT METRICS

Half year ended 31 December	31 December 2022 $m	31 December 2021 $m
Investment		
Integrated Investment Portfolio NOI	**327**	275
Asset and funds management EBIT	**29**	16
Management and administration expenses	**(21)**	(21)
Investment EBIT	**335**	270
Development		
Commercial & Mixed Use	**58**	73
Residential	**36**	89
Development EBIT	**94**	162
Segment EBIT [1]	**429**	432
Unallocated overheads	**(42)**	(41)
Group EBIT	**387**	391
Net financing costs [2]	**(68)**	(62)
Operating income tax expense	**(14)**	(32)
Operating profit after tax	**305**	297
Development revaluation (loss)/gain [3]	**(19)**	48
Investment property revaluation	**35**	260
Other non-operating items	**(106)**	(40)
Statutory profit attributable to stapled securityholders	**215**	565

1. EBIT includes share of net operating profit of joint ventures and associates.
2. Includes cost of goods sold interest of $5m (December 2021: $15m) and interest revenue of $4m (December 2021: $2m).
3. Relates to the fair value movement on IPUC.

B RESULTS FOR THE HALF YEAR

Notes to the consolidated financial statements

B1 SEGMENT INFORMATION *continued*

REVENUE BY FUNCTION

	Segments									
	Investment		Development							
	Integrated Investment Portfolio		Commercial & Mixed Use		Residential		Unallocated		Total	
Half year ended 31 December	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Investment property rental revenue	**399**	382	**—**	—	**—**	—	**—**	—	**399**	382
Development revenue[1]	**—**	—	**102**	376	**230**	511	**—**	—	**332**	887
Asset and funds management revenue[2]	**36**	18	**—**	—	**—**	—	**—**	—	**36**	18
Other revenue	**13**	5	**2**	2	**4**	8	**4**	3	**23**	18
Total operating revenue	**448**	405	**104**	378	**234**	519	**4**	3	**790**	1,305
Share of net profit/(loss) of joint ventures and associates[3]	**31**	21	**—**	—	**27**	13	**—**	(1)	**58**	33
Other income	**31**	21	**—**	—	**27**	13	**—**	(1)	**58**	33
Total operating revenue and other income	**479**	426	**104**	378	**261**	532	**4**	2	**848**	1,338
Non-operating items[4]	**(2)**	288	**—**	—	**—**	—	**9**	28	**7**	316
Total statutory revenue and other income	**477**	714	**104**	378	**261**	532	**13**	30	**855**	1,654

1. Includes development management fees.
2. Investment property management revenue incurred on the Group's investment properties of $10m (December 2021: $10m) has been eliminated on consolidation.
3. Revenue excludes non-operating items.
4. Relates mainly to fair value of investment properties and investment properties under construction.

SEGMENT ASSETS AND LIABILITIES

	Segments									
	Investment		Development							
	Integrated Investment Portfolio		Commercial & Mixed Use		Residential		Unallocated		Total	
	31 December 2022 $m	30 June 2022[1] $m	31 December 2022 $m	30 June 2022 $m	31 December 2022 $m	30 June 2022 $m	31 December 2022 $m	30 June 2022 $m	31 December 2022 $m	30 June 2022[1] $m
Assets										
Investment properties	**11,793**	12,189	**—**	—	**—**	—	**—**	—	**11,793**	12,189
Inventories	**—**	—	**670**	136	**2,449**	2,125	**—**	—	**3,119**	2,261
Assets held for sale	**158**	—	**—**	—	**—**	—	**—**	—	**158**	—
Indirect investments[2]	**1,417**	1,487	**68**	62	**135**	130	**25**	15	**1,645**	1,694
Other assets	**112**	74	**16**	8	**49**	38	**363**	941	**540**	1,061
Total assets	**13,480**	13,750	**754**	206	**2,633**	2,293	**388**	956	**17,255**	17,205
Total liabilities	**397**	438	**216**	197	**747**	746	**4,757**	4,698	**6,117**	6,079
Net assets	**13,083**	13,312	**538**	9	**1,886**	1,547	**(4,369)**	(3,742)	**11,138**	11,126

1. The comparative amounts have been restated for the recognition of a put option liability presented in current other financial liabilities and non-controlling interest. Refer to note A Basis of preparation.
2. Includes carrying value of investments in joint ventures and associates, and other indirect investments.

B RESULTS FOR THE HALF YEAR

Notes to the consolidated financial statements

B1 SEGMENT INFORMATION *continued*

OTHER SEGMENT INFORMATION

	Segments									
	Investment		Development							
	Integrated Investment Portfolio		Commercial & Mixed Use		Residential		Unallocated		Total	
Half year ended 31 December	**2022 $m**	**2021 $m**	**2022 $m**	**2021 $m**	**2022 $m**	**2021 $m**	**2022 $m**	**2021 $m**	**2022 $m**	**2021 $m**
Share of net profit/(loss) of joint ventures and associates	**29**	22	**—**	—	**27**	13	**—**	(1)	**56**	34
Depreciation and amortisation expenses	**31**	31	**—**	—	**—**	—	**5**	4	**36**	35
Additions of investment properties and PPE	**518**	724	**—**	—	**—**	—	**2**	2	**520**	726
Additions of investments in joint ventures and associates	**—**	50	**6**	4	**—**	—	**—**	—	**6**	54

RECONCILIATION OF STATUTORY PROFIT TO OPERATING PROFIT AFTER TAX

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

	Segments					
	Investment	Development				
	Integrated Investment Portfolio $m	**Commercial & Mixed Use $m**	**Residential $m**	**Unallocated $m**	**31 December 2022 Total $m**	**31 December 2021 Total $m**
Profit for the half year attributable to stapled securityholders	**234**	**57**	**23**	**(99)**	**215**	565
Exclude specific non-cash items						
Revaluation of investment properties[1]	(17)	—	—	—	**(17)**	(306)
Net gain on financial instruments	—	—	—	(9)	**(9)**	(29)
Depreciation of right-of-use assets	—	—	—	4	**4**	2
Straight-lining of lease revenue[2]	(5)	—	—	—	**(5)**	(4)
Amortisation of lease incentives and leasing costs	52	—	—	—	**52**	53
Share of net profit of joint ventures and associates relating to movement of non-cash items[3]	3	—	—	—	**3**	(1)
AASB 16 *Leases* – net movement	—	—	—	(3)	**(3)**	(2)
Exclude other non-operating items						
Net loss on sale of assets[4]	20	—	—	—	**20**	1
Transaction costs	48	—	—	—	**48**	—
Tax effect						
Tax effect of non-operating adjustments[5]	—	—	—	(3)	**(3)**	18
Operating profit after tax	**335**	**57**	**23**	**(110)**	**305**	297
SaaS implementation costs	3	1	3	4	**11**	9
FFO	**338**	**58**	**26**	**(106)**	**316**	306

1. Includes development revaluation gain and excludes Mirvac's share in the JVA revaluation of investment properties, which is included within Share of net profit of joint ventures and associates.
2. Included within Revenue.
3. Included within Share of net profit of joint ventures and associates.
4. Included within Loss on sale of assets.
5. Included within Income tax expense.

B RESULTS FOR THE HALF YEAR

Notes to the consolidated financial statements

B2 EARNINGS PER STAPLED SECURITY

Basic earnings per stapled security (EPS) is calculated by dividing:

- the profit attributable to stapled securityholders; by
- the weighted average number of ordinary securities (WANOS) outstanding during the half year.

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

	31 December 2022	31 December 2021
Profit attributable to stapled securityholders used to calculate basic and diluted EPS ($m)	**215**	565
WANOS used in calculating basic EPS (m)	**3,944**	3,940
WANOS used in calculating diluted EPS (m)	**3,945**	3,942
Basic and diluted EPS (cpss)	**5.5**	14.3

B3 EXPENSES

Profit before income tax includes the following specific expenses:	31 December 2022 $m	31 December 2021 $m
Total investment property expenses and outgoings		
Statutory levies	**24**	23
Insurance	**3**	3
Power and gas	**13**	12
Property maintenance	**27**	25
Other	**36**	32
Total investment property expenses and outgoings	**103**	95
Total employee expenses		
Employee benefits expenses	**52**	49
Security-based payments expense	**6**	8
Total employee expenses	**58**	57
Interest and borrowing costs		
Interest paid/payable	**94**	63
Interest on lease liabilities	**1**	1
Interest capitalised	**(30)**	(16)
Borrowing costs amortised	**2**	1
Total finance costs	**67**	49
Add: cost of goods sold interest[1]	**5**	15
Total interest and borrowing costs	**72**	64
Total other expenses		
Compliance, consulting and professional fees	**9**	9
Office and administration expenses	**9**	7
IT infrastructure[2]	**21**	18
Insurance and other expenses	**9**	8
Transaction costs	**48**	—
Total other expenses	**96**	42

1. This interest was previously capitalised and has been expensed in the current period.
2. Includes employee benefits expenses $3m (December 2021: $4m) relating to the implementation of SaaS arrangements.

B RESULTS FOR THE HALF YEAR

Notes to the consolidated financial statements

B4 EVENTS OCCURRING AFTER 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 Mirvac's operations, the results of those operations, or Mirvac's state of affairs in future years.

B5 INCOME TAX

This section includes the Group's tax accounting policies and details of the income tax expense and deferred tax balances.

ACCOUNTING FOR INCOME TAX

Most of the Group's profit is earned by Mirvac Property Trust and its sub-trusts, which are not subject to taxation, provided that the stapled securityholders of the Group are attributed the taxable income of the Mirvac Property Trust. Stapled securityholders are liable to pay tax at their effective tax rate on the amounts attributed.

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

The tax expense comprises both current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year. Accounting income is not always the same as taxable income, creating temporary differences. These differences usually reverse over time. Until they reverse, a deferred asset or liability is recognised on the consolidated SoFP. Deferred tax is not recognised on the initial recognition of goodwill. Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future.

The Group estimates future taxable profits based on approved budgets and forecasts extending 5 years. Future taxable profits are influenced by a variety of general economic and business conditions, which are outside the control of the Group. A change in any of these assumptions could have an impact on the future profitability of the Group and may affect the recovery of deferred tax assets.

At 31 December 2022, the Group had $62m (June 2022: $62m) of unrecognised capital losses.

TAX CONSOLIDATION LEGISLATION

Mirvac Limited and its wholly-owned controlled entities are in a tax consolidated group. The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mirvac Limited. Accordingly, the deferred tax assets and deferred tax liabilities are permitted to be offset in the consolidated SoFP.

The entities in the tax consolidated group have also entered into a tax funding agreement to fully compensate/be compensated by Mirvac Limited for current tax balances and the deferred tax assets for unused tax losses and credits transferred.

C PROPERTY AND DEVELOPMENT ASSETS

Notes to the consolidated financial statements

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

C1 PROPERTY PORTFOLIO

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

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

JUDGEMENTS IN FAIR VALUE ESTIMATION

Fair value is the price that would be received on selling 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 Group 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.

To assist with calculating reliable estimates, Mirvac uses independent valuers on a rotational basis. Approximately 25 per cent of the portfolio is independently valued every 6 months, with management internally estimating the fair value of the remaining properties using estimation techniques by suitably qualified personnel. As at 31 December 2022, the Group undertook independent valuations covering 29 per cent of its investment property portfolio, by value excluding investment properties under constructions (IPUC).

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:

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.

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

Investment properties under construction: There is generally 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.

Note C2 explains the key inputs in the measurement of fair value of investment properties.

C PROPERTY AND DEVELOPMENT ASSETS

Notes to the consolidated financial statements

C1 PROPERTY PORTFOLIO *continued*

PROPERTY PORTFOLIO AS AT 31 DECEMBER 2022

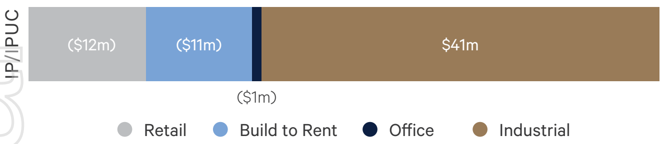
The composition of the Group's investment property portfolio includes:

		Integrated Investment Portfolio				31 December 2022	30 June 2022
	Note	Office $m	Industrial $m	Retail $m	Build to Rent $m	Total $m	Total $m
Investment properties		6,367	1,292	2,411	581	10,651	10,692
Investment properties under construction		209	352	336	245	1,142	1,497
Total investment properties	C2	6,576	1,644	2,747	826	11,793	12,189
Investments in JVA [1]		1,288	—	—	—	1,288	1,350
Assets classified as held for sale		—	—	158	—	158	—
Total property portfolio		7,864	1,644	2,905	826	13,239	13,539

1. Represents Mirvac's share of the JVA's investment properties, which is included within the carrying value of investments in JVA.

REVALUATION OF INVESTMENT PROPERTIES

1H23 Net revaluation gain: $17m



1H22 Net revaluation gain: $306m

C2 INVESTMENT PROPERTIES

Investment properties, including investment properties under construction, are held at fair value and any gains or losses are recognised in revenue and other income. The fair value movements are non-cash and do not affect the Group's distributable income.

	Integrated Investment Portfolio				31 December 2022	30 June 2022
Movements in investment properties	Office $m	Industrial $m	Retail $m	Build to Rent $m	Total $m	Total $m
Balance 1 July	7,054	1,583	2,918	634	12,189	11,821
Expenditure capitalised	126	40	8	204	378	666
Acquisitions	—	139	—	—	139	1,036
Disposals	(301)	—	—	—	(301)	(711)
Net revaluation gain/(loss) from fair value adjustments	(1)	41	(12)	(11)	17	347
Transfer to inventories	(263)	(225)	—	—	(488)	(37)
Transfer to assets classified as held for sale	—	—	(158)	—	(158)	—
Transfer from/(to) joint ventures and associates	—	69	—	—	69	(819)
Amortisation expense	(39)	(3)	(9)	(1)	(52)	(114)
Closing balance	6,576	1,644	2,747	826	11,793	12,189

C PROPERTY AND DEVELOPMENT ASSETS

Notes to the consolidated financial statements

C2 INVESTMENT PROPERTIES *continued*

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					
	Level 3 fair value $m	Net market income $/sqm	10-year compound annual growth rate %	Capitalisation rate %	Market rate $/sqm	Terminal yield %	Discount rate %
31 December 2022							
Office	**6,576**	**371 – 1,223**	**3.30 – 4.40**	**4.63 – 6.00**	**—**	**4.88 – 6.25**	**6.00 – 7.75**
Industrial	**1,644**	**125 – 440**	**3.40 – 3.50**	**3.88 – 5.25**	**—**	**4.13 – 5.50**	**5.25 – 6.63**
Retail	**2,747**	**319 – 809**	**1.97 – 3.96**	**4.75 – 8.75**	**—**	**5.00 – 9.00**	**6.00 – 10.00**
Build to Rent	**826**	**523 – 558** [1]	**3.51 – 3.80**	**4.00 – 4.13**	**—**	**4.13 – 4.15**	**6.50 – 6.75**
Total investment properties	**11,793**	**—**	**—**	**—**	**—**	**—**	**—**
30 June 2022							
Office	7,054	365 – 1,199	2.60 – 4.20	4.50 – 6.75	—	4.75 – 7.00	6.00 – 7.75
Industrial	1,583	110 – 410	3.27 – 3.32	3.50 – 5.00	—	3.75 – 5.25	4.88 – 6.25
Retail	2,918	314 – 1,127	1.87 – 4.13	4.75 – 8.75	865 – 1,612	5.00 – 9.00	6.00 – 9.50
Build to Rent	634	547 [1]	3.30	4.00	—	4.00	6.25
Total investment properties	12,189	—	—	—	—	—	—

1. Average net operating income per apartment per week.

Sensitivity analysis

Due to the rapidly changing economic climate and the judgement required to assess the fair value of the Group's investment properties, a sensitivity analysis has been undertaken to further stress test the Group's 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 Group 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 valuations 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 Group'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 Group's office portfolio would have resulted in a decrement of $365m in addition to the fair value presented as at 31 December 2022.

	Capitalisation rate, discount rate and terminal yield movement by			
Investment properties at fair value assessed using DCF, market capitalisation and capitalisation rate	↑ **25 bps $m**	↑ **50 bps $m**	↓ **25 bps $m**	↓ **50 bps $m**
Office	(365)	(730)	427	851
Industrial	(73)	(140)	85	179
Retail	(112)	(215)	123	259
Build to Rent	(35)	(66)	40	85
Total	**(585)**	**(1,151)**	**675**	**1,374**

GROUND LEASES

At 31 December 2022, $48m of lease liabilities for ground leases has been recognised in the consolidated SoFP (June 2022: $48m).

C PROPERTY AND DEVELOPMENT ASSETS

Notes to the consolidated financial statements

C3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

A JVA is an arrangement where Mirvac has joint control or significant influence over the activities and joint rights to the net assets. The Group initially records the JVA at the cost of the investment and subsequently accounts for them using the equity method. Refer to note F4 for the Group's joint venture and associate entities and ownership percentages.

All JVAs are established or incorporated in Australia. The movements in the carrying amount of JVAs are as follows:

Movements in the carrying amount of JVA	31 December 2022 Total $m	30 June 2022 Total $m
Balance 1 July	**1,481**	783
Share of profit	**56**	111
Equity acquired	**6**	73
Other movements	**4**	(33)
Transfers (to)/from investment properties	**(69)**	819
Transfers to inventory	**(2)**	—
Return of capital	**(1)**	(174)
Distributions received/receivable	**(51)**	(98)
Closing balance	**1,424**	1,481

The table below lists JVAs that are significant to the Group:

JVA	Principal activities	Interest %	31 December 2022 Carrying value $m	Interest %	30 June 2022 Carrying value $m
The George Street Trust	Property investment	**50**	**579**	50	579
Mirvac (Old Treasury) Trust	Property investment	**50**	**249**	50	242
Mirvac Locomotive Trust	Property investment	**51**	**229**	51	223
Mirvac 8 Chifley Trust	Property investment	**50**	**207**	50	216
Other JVAs	Various	**—**	**160**	—	221
Closing balance			**1,424**		1,481

CAPITAL EXPENDITURE COMMITMENTS

At 31 December 2022, the Group's share of its JVA's capital commitments which have been approved but not yet provided for was $1m (June 2022: $56m).

C PROPERTY AND DEVELOPMENT ASSETS

Notes to the consolidated financial statements

C4 INVENTORIES

The Group develops residential, commercial and mixed use properties for sale in the ordinary course of business. Inventories are classified as current if they are expected to be settled within 12 months or otherwise they are classified as non-current.

Judgement in calculating net realisable value (NRV) of inventories

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

The key assumptions used in the project forecasts for the Group's NRV assessments include:

Key assumption	Key assumption	Key assumption	Key assumption
Sales rates/ volumes	The rate at which lots are sold over a given period.	**Settlement volumes**	The number of lot settlements achievable over a given period.
Sales price	The price at which a given lot is sold to the general public or the project contract price.	**Cost to complete**	All remaining costs to complete the program of works and sell unsold stock, measured at reporting date.
Sales incentives	Recognised as a percentage of purchase price, which is allocated to either direct or indirect expenditure to induce the sale of a lot.	**Program duration**	The duration of a project from commencement to completion of all stages. A project program generally extends from the approval to purchase through to the final settlement of lots and may extend over many years.

Movements in inventories	Residential MPC $m	Residential Apartments $m	Residential Total $m	Commercial & Mixed Use Total $m	31 December 2022 Total $m	30 June 2022 Total $m
Balance 1 July	1,202	923	2,125	136	2,261	2,093
Costs incurred	190	316	506	87	593	1,330
Settlements	(130)	(51)	(181)	(43)	(224)	(1,161)
Provision for impairment of inventories	—	—	—	—	—	(5)
Inventory costs written off	—	(1)	(1)	—	(1)	(10)
Transfer from investment properties	—	—	—	488	488	37
Transfer from joint ventures and associates	—	—	—	2	2	—
Transfer to other assets	—	—	—	—	—	(23)
Closing balance	1,262	1,187	2,449	670	3,119	2,261

Inventory represented by	Residential MPC $m	Residential Apartments $m	Residential Total $m	Commercial & Mixed Use Total $m	31 December 2022 Total $m	30 June 2022 Total $m
Current inventory	306	670	976	207	1,183	627
Provision for impairment	(6)	(2)	(8)	—	(8)	(5)
Total current inventory	300	668	968	207	1,175	622
Non-current inventory	968	565	1,533	470	2,003	1,703
Provision for impairment	(6)	(46)	(52)	(7)	(59)	(64)
Total non-current inventory	962	519	1,481	463	1,944	1,639
Total inventories	1,262	1,187	2,449	670	3,119	2,261

D CAPITAL STRUCTURE AND RISKS

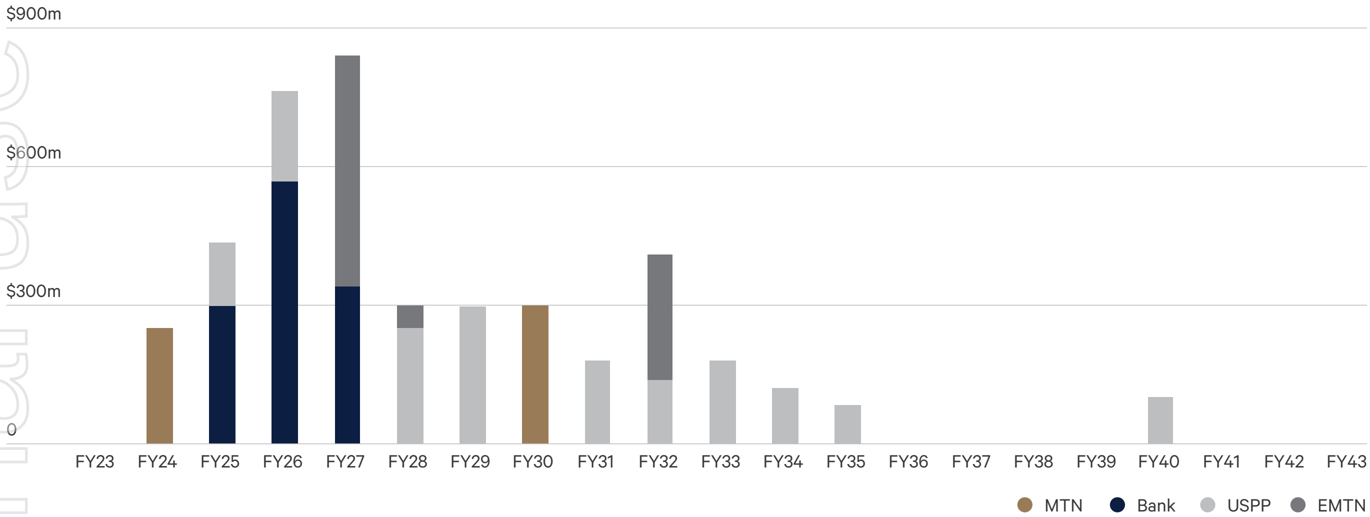
Notes to the consolidated financial statements

Capital comprises stapled securityholders' equity and net debt.

D1 BORROWINGS AND LIQUIDITY

The Group enters into borrowings at both fixed and floating interest rates and also uses interest rate derivatives to reduce interest rate risks. At 31 December 2022, the Group had $1,167m (June 2022: $1,368m) of cash and committed undrawn facilities available.

DRAWN DEBT MATURITIES AS AT 31 DECEMBER 2022



Borrowings

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

	31 December 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								
Bank loans	—	1,208	1,208	1,208	—	818	818	818
Bonds	250	2,833	3,083	3,035	281	3,123	3,404	3,397
Total unsecured borrowings	250	4,041	4,291	4,243	281	3,941	4,222	4,215
Prepaid borrowing costs	—	(11)	(11)	(11)	—	(11)	(11)	(11)
Total borrowings	250	4,030	4,280	4,232	281	3,930	4,211	4,204
Undrawn facilities			1,100				810	
Other								
Lease liabilities	19	58	77	77	8	72	80	80

The fair value of bank loans is considered to approximate their carrying amount. The fair value of bonds is calculated as the expected future cash flows discounted by the relevant current market rates.

D CAPITAL STRUCTURE AND RISKS

Notes to the consolidated financial statements

D2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Mirvac holds no Level 1 financial instruments.

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

Derivative financial instruments

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

Other financial assets

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

Investments in unlisted entities are traded in inactive markets and the fair value is determined by the unit or share price as advised by the trustee of the unlisted entity, based on the value of the underlying assets. The unlisted entity's assets are subject to regular external valuations. The valuation methods used by the external valuers have not changed since 30 June 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								
Investments in unlisted entities	—	—	73	73	—	—	73	73
Convertible notes	—	—	4	4	—	—	—	—
Derivative financial instruments	—	166	—	166	—	241	—	241
Total financial assets carried at fair value	—	166	77	243	—	241	73	314
Financial liabilities carried at fair value								
Derivative financial instruments	—	138	—	138	—	116	—	116
Total financial liabilities carried at fair value	—	138	—	138	—	116	—	116

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

	31 December 2022			30 June 2022
	Investments in unlisted equities $m	Convertible notes $m	Total $m	Investments in unlisted equities $m
Balance 1 July	73	—	73	78
Acquisitions	1	4	5	8
Net gain recognised on financial instruments	—	—	—	4
Return of capital	(1)	—	(1)	(17)
Closing balance	73	4	77	73

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

E EQUITY

Notes to the consolidated financial statements

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

E1 DISTRIBUTIONS

Half yearly ordinary distributions	CPSS	Amount payable/paid $m	Date payable/paid
31 December 2022	5.2	205	28 February 2023
31 December 2021	5.1	202	28 February 2022

All distributions in the current and prior periods were unfranked. Franking credits available for future years, based on a tax rate of 30 per cent, total $43m (June 2022: $30m).

E2 CONTRIBUTED EQUITY

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

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

New issues of stapled securities rank equal with the existing stapled securities on issue. When new securities or options are issued, the directly attributable incremental costs are deducted from equity, net of tax.

CONTRIBUTED EQUITY

	31 December 2022		30 June 2022	
	No. securities	Securities $m	No. securities	Securities $m
Mirvac Limited – ordinary shares issued	3,945	2,166	3,942	2,165
MPT – ordinary units issued	3,945	5,367	3,942	5,362
Total contributed equity		**7,533**		7,527

The total number of stapled securities issued as listed on the ASX at 31 December 2022 was 3,946m (June 2022: 3,943m), which included 1m of stapled securities issued under the LTI plan and EIS (June 2022: 1m). Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity.

MOVEMENTS IN PAID UP EQUITY

	31 December 2022		30 June 2022	
	No. securities	Securities $m	No. securities	Securities $m
Balance 1 July	3,941,722,042	7,527	3,936,111,448	7,510
Securities issued under EEP[1]	—	—	401,059	1
LTI vested[2]	2,790,895	6	5,111,753	15
Legacy schemes vested	40,095	—	97,782	1
Closing balance	**3,944,553,032**	**7,533**	3,941,722,042	7,527

1. Mirvac issues securities to employees as security-based payments.
2. Stapled securities issued for LTIs during the half year relate to LTIs granted in prior years.

F OTHER DISCLOSURES

Notes to the consolidated financial statements

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
Current receivables						
Trade receivables	45	(15)	30	40	(19)	21
Loans to unrelated parties	70	—	70	70	—	70
Other receivables	89	—	89	53	—	53
Total current receivables	204	(15)	189	163	(19)	144
Non-current receivables						
Loans to unrelated parties	30	—	30	16	—	16
Other receivables	14	—	14	14	—	14
Total non-current receivables	44	—	44	30	—	30
Total receivables	248	(15)	233	193	(19)	174

Movements in loss allowance	31 December 2022 $m	30 June 2022 $m
Balance 1 July	(19)	(74)
Loss allowance recognised	—	(24)
Amounts utilised for write off of receivables	4	79
Closing balance	(15)	(19)

AGEING

		Days past due					
	Not past due $m	1 – 30 $m	31 – 60 $m	61 – 90 $m	91 – 120 $m	Over 120 $m	Total $m
Trade receivables[1]	17	5	7	2	1	13	45
Loans	100	—	—	—	—	—	100
Other receivables	102	—	1	—	—	—	103
Loss allowance	—	(2)	(1)	(1)	(1)	(10)	(15)
Balance 31 December 2022	219	3	7	1	—	3	233
Trade receivables[1]	13	6	2	3	2	14	40
Loans	86	—	—	—	—	—	86
Other receivables	67	—	—	—	—	—	67
Loss allowance	—	—	(1)	(2)	(2)	(14)	(19)
Balance 30 June 2022	166	6	1	1	—	—	174

1. The Group has recognised a provision for impairment for all investment property tenant trade receivables that are greater than 30 days overdue.

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral of $161m (June 2022: $166m). The quantum, terms and conditions of collateral are outlined in the lease agreements; however, generally as lessor, the Group has the right to call upon the collateral if a lessee breaches their lease. For further details regarding the Group's exposure to and management of credit risk, please refer to the 30 June 2022 Annual Report.

F OTHER DISCLOSURES

Notes to the consolidated financial statements

F2 BUSINESS COMBINATIONS

On 1 July 2022, the Group entered an agreement culminating in the Group gaining control of Duck River Auburn Trust, which was previously accounted for as an investment in joint venture.

The Group consolidated the assets and liabilities held by the Duck River Auburn Trust, which included investment property at 300 Manchester Road, Auburn NSW. The carrying amount of the Group's previously held interest in this entity approximated its fair value. Accordingly, no gain or loss as a result of the remeasurement of the equity interest in this entity to fair value was recognised in the consolidated SoCI. On consolidation, the Group reclassified 51 per cent of the investment property to inventory on a fair value basis of $69m.

On 8 September 2022, the Group acquired the remaining 49 per cent of the units in the Duck River Auburn Trust for consideration of $138m resulting in the Group recognising additional investment property of $59m.

Refer to the 30 June 2022 annual report for details of business combinations made in the prior period.

F3 CONTINGENT LIABILITIES

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

	31 December 2022 $m	30 June 2022 $m
Bank guarantees and insurance bonds granted in the normal course of business	**231**	226
Health and safety claims	**4**	4
Payments for investment properties, inventory and other assets contingent on approvals	**4**	29
Total contingent liabilities	**239**	259

As at 31 December 2022, the Group had no contingent liabilities relating to JVAs (June 2022: nil).

F4 INTERESTS AND JOINT VENTURES AND ASSOCIATES

This table shows details of Mirvac's interests in joint ventures and associates.

	Ownership %	
	31 December 2022	30 June 2022
Barangaroo EDH Pty Ltd	**33**	33
BuildAI Pty Ltd	**37**	37
Domaine Investments Management Pty Ltd	**50**	50
Duck River Auburn Trust [1]	**—**	51
Googong Township Pty Ltd	**50**	50
Googong Township Unit Trust	**50**	50
Harold Park Real Estate Trust	**50**	50
HPRE Pty Ltd	**50**	50
Leakes Road Rockbank Pty Ltd	**50**	50
Leakes Road Rockbank Unit Trust	**50**	50
Mirvac (Old Treasury) Pty Limited	**50**	50
Mirvac (Old Treasury) Trust	**50**	50
Mirvac 8 Chifley Pty Ltd	**50**	50
Mirvac 8 Chifley Trust	**50**	50
Mirvac Locomotive Trust	**51**	51
MVIC Finance 2 Pty Ltd	**50**	50
TM Management Services Pty Ltd [2]	**50**	50
The George Street Trust	**50**	50
Tucker Box Hotel Group	**50**	50
Walsh Bay Finance Pty Ltd [2]	**50**	50
Walsh Bay Properties Pty Ltd [3]	**50**	50
Walsh Bay SPV Pty Ltd [2]	**50**	50
WL Developer Pty Ltd	**50**	50
WL Developer Trust	**50**	50

1. This entity was previously accounted for as a JVA; however, control was gained on 1 July 2022 and the entity was consolidated into the Mirvac Group from that date. Refer to note F2.
2. This entity entered into administration on 10 May 2022 and was deregistred on 27 January 2023.
3. This entity entered into administration on 10 May 2022.

F OTHER DISCLOSURES

Notes to the consolidated financial statements

F5 COMMITMENTS

LEASE COMMITMENTS

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

Future receipts are shown as undiscounted contractual cash flows.

Future operating lease receipts as a lessor due	31 December 2022 $m	30 June 2022 $m
Within one year	**409**	521
Between one and five years	**1,483**	1,666
Later than five years	**1,259**	1,481
Total future operating lease receipts as a lessor	**3,151**	3,668

CAPITAL EXPENDITURE COMMITMENTS

At 31 December 2022, capital commitments on Mirvac's investment property portfolio were $493m (June 2022: $645m). There were no investment properties pledged as security by the Group (June 2022: nil).

OTHER COMMITMENTS

Effective 30 September 2022, Mirvac became the investment manager of Mirvac Wholesale Office Fund (MWOF) and property manager in respect of MWOF's wholly owned assets. Mirvac has offered up to $500m of liquidity to MWOF, with an expectation that this will be utilised by the end of May 2023.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and the notes set out on pages 14 to 34 are in accordance with the *Corporations Act 2001*, including:
   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position at 31 December 2022 and of its performance for the financial half year ended on that date; and

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

The Directors have been given the declarations by the CEO & Managing Director and 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 REPORT

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Mirvac Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 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 Limited 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 for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

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

PricewaterhouseCoopers

V Papageorgiou

Voula Papageorgiou
Partner

Joe Sheeran

Joe Sheeran
Partner

Sydney
9 February 2023

GLOSSARY

ASX	Australian Securities Exchange
CPSS	Cents per stapled security
EBIT	Earnings before interest and tax
EIS	Employee Incentive Scheme
EEP	Employee Exemption Plan
EPS	Earnings per stapled security
FFO	Funds From Operations
IP	Investment properties
IPUC	Investment properties under construction
JVA	Joint ventures and associates
LTI	Long-term incentives
MPC	Masterplanned communities
MPT	Mirvac Property Trust
NOI	Net operating income
NRV	Net realisable value
SaaS	Software-as-a-Service
SBP	Security-based payment
SoCE	Statement of changes in equity
SoCI	Statement of comprehensive income
SoCF	Statement of cash flows
SoFP	Statement of financial position
STI	Short-term incentives

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