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ASX ANNOUNCEMENT

20 February 2014

MIRVAC INDUSTRIAL TRUST
1H14 RESULTS

Mirvac Funds Management Limited ("MFML") as responsible entity for Mirvac Industrial Trust (ARSN 113 489 624) ("MIX" or the "Trust") [ASX Code: MIX] is pleased to announce the financial results for MIX for the half year ended 31 December 2013.

Key financial information for the half year ended 31 December 2013 included:

> A statutory net loss of $0.3 million, (representing 0.08 cents per unit ("cpu"));
> An operating profit[1] of $4.1 million (representing 1.14 cpu), no change over the previous corresponding period's operating profit of $4.1 million;
> Total assets of $236.8 million, a decrease over total assets of $244.3 million at 30 June 2013;
> Net tangible assets ("NTA") of 22.0 cpu, an increase over the NTA of 21.0 cpu at 30 June 2013;
> Gearing reduced to 61.3 per cent, down from 63.0 per cent at 30 June 2013;
> A weighted average debt expiry of 2.2 years; and
> Total return for the six months[2], one year and three years to 31 December 2013 of 6.3 per cent, 46.1 per cent and 82.2 per cent, respectively.

Nicholas Blake, Trust Manager, said, "The Trust's half year result is in line with expectations following the sale of the Trust's asset at W165 N5830 Ridgewood Drive, Menomonee Falls in December 2013. The Trust remains on track to deliver its FY14 earnings guidance of 2.00 to 2.20 cpu[3], notwithstanding the as yet unquantified impact to non-recoverable expenses arising from recent extreme weather events in the mid-western United States and the impacts associated with the potential sale of the Trust's non-core assets which may take place in 2H14."

The ASX closing price of MIX units increased to 17 cents as at 31 December 2013 from 12 cents a year earlier.

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[1] Operating profit/earnings is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The Directors consider operating profit to reflect the core earnings of the Trust. Its calculation is consistent with the Trust's product disclosure statements. This has not been subject to any specific review procedures by the Trust's auditors but has been extracted from the financial statements. Please refer to page 2 of the Trust's Interim Report for the half year ended 31 December 2013 for the reconciliation between statutory (loss)/profit and operating profit.
[2] Source: UBS Australian REIT Month in Review December 2013.
[3] FY14 operating earnings guidance announced on 23 August 2013 was in the range of 2.20-2.40 cpu. As a consequence of the sale of W165 N2830 Ridgewood Drive, Menomonee Fall which settled on 4 December 2013 (US time), the Trust's operating earnings guidance range was revised to 2.00 – 2.20 cpu as released to the market on 21 November 2013.

MARKET UPDATE[4]
Demand for industrial space in the Chicago industrial market continued to improve through to 31 December 2013 with the market's vacancy rate reducing to 8.4 per cent. Over the course of 2013, the vacancy rate has dropped by 81 basis points.

Development activity in Chicago continues to increase, with nearly 8.7 million square feet currently under construction, and approximately 9.2 million square feet completed during 2013, the highest rate of construction activity seen since 2009, however it is still below the 20-year average of 14 million square feet.

PORTFOLIO UPDATE
Asset valuations
During the six months ended 31 December 2013, nine assets, or 45.1 per cent of the portfolio by book value, were independently valued with the remaining 19 assets being subject to Directors' valuations. The combined impact of both independent and Directors' valuations was a decrease of US$1.9 million to US$195.5 million[5,6]. The weighted average capitalisation rate for the portfolio firmed to 8.46 per cent[5], at 31 December 2013 from 8.56 per cent[7] at 30 June 2013.

"Asset valuations for the core portfolio improved slightly over the period, underscoring the positive but gradual recovery of B-grade industrial asset values in the Greater Chicago area. This, however, was offset by continuing softness in the valuations for the Trust's four non-core assets and 5990 Touhy Avenue which, as we noted, became vacant during the second half of the 2013 calendar year," Mr Blake stated.

Leasing and occupancy
During the period, the Trust executed 10 leases totalling approximately 0.4 million square feet of space (0.3 million square feet of renewals and 0.1 million square feet over vacant space) including:

> *5110 South Sixth Street, Milwaukee*
Fedex entered into a new lease over space that was previously vacant. The new lease is over 58,500 square feet for a term of two years and four months.

> *28170 North Keith Drive, Lake Forest*
Popcorn Factory renewed their lease at 28170 North Keith Drive, Lake Forest over 77,924 square feet for a term of five years and three months.

The Trust's weighted average lease expiry ("WALE") decreased slightly to 4.4 years[8] from 4.7 years[9] at 31 December 2012. Tenant retention since inception remains strong at 75.9 per cent[10] at 31 December 2013.

At 31 December 2013, vacancy in the portfolio increased to 11.4 per cent[11], up from 9.8 per cent at 30 June 2013. The market vacancy rate for 31 December 2013 is 8.4 per cent[12].

Leasing activity post balance date
Positive leasing activity has taken place post 31 December 2013, with the portfolio's vacancy reducing to 10.5 per cent and WALE increasing to 4.5 years. The adjustment in these metrics is attributable to new leases or lease renewals being executed. Details of the new leases and renewals are below.

New leases
> *6600 River Road, Hodgkins*
RRM Transportation has leased 66,096 square feet at the 6600 River Road which was previously

[4] Source: NAI Hiffman Year-End Market Review & 2014 Forecast.
[5] By book value, on a like-for-like asset basis.
[6] Based on book values from the Trust's Interim Report for the half year ended 31 December 2013 totalling A$219.2 million at an AUD/USD foreign exchange rate of 0.8918.
[7] On a like-for-like asset basis.
[8] By income.
[9] By income, on a like for like basis.
[10] By area since inception.
[11] By area. The increase in portfolio vacancy at 31 December 2013, as highlighted in the 30 June 2013 announcement released on 23 August 2013, was due to lease expiries at 5990 Touhy Avenue, Niles and 1020 Frontenac Road, Naperville in the second half of CY13.
[12] Source: NAI Hiffman Year-End Market Review & 2014 Forecast.

vacant space. The term of the lease is for five years and one month commencing on 1 April 2014 at an initial rent of US$4.25 per square foot (gross rent) with two per cent annual increases. One month rent free was provided as part of the leasing deal.

> *1445-1465 Greenleaf Avenue, Elk Grove Village*
> A new lease was entered into with Foster Stephens at 1445-1465 Greenleaf Avenue for a term of 10 years and 10 months commencing on 1 July 2014. The initial rent will commence at US$5.25 per square foot (semi-gross) with two per cent annual increases. 10 months net rent free spread over the lease term was provided as part of this transaction. The lease to Foster Stephens was over previously vacant space.

Lease renewals

> *6510 West 73rd Street, Bedford Park*
> The tenant, Nexus, who occupy 306,552 square feet of space at 6510 West 73rd Street has entered into a new lease for a term of three years from the expiry of the existing lease. The initial rent on the renewed lease is US$2.50 per square foot (current rent US$1.86 per square foot) with three per cent annual increases.

Divestment of assets

The Trust successfully completed the sale of the Trust's asset at W165 N5830 Ridgewood Drive, Menomonee Falls for a total consideration of US$17.18 million (before costs)[13]. The settlement of the asset occurred on 4 December 2013 (US time).

The proceeds from the sale, after costs, were approximately US$14.32 million and were applied as follows:

> US$9.88 million applied to the ING loan to extinguish the allocated loan balance for W165 N5830 Ridgewood Drive, Menomonee Falls;
> US$1.98 million (supplemental to the lease buy out proceeds of US$1.98 million) to be used as an additional loan repayment for the CJF3 loan pool[14] in anticipation of a future sale of the assets located at 4507 and 4531 Columbia Avenue, Hammond;
> US$0.94 million for yield maintenance charges which are in line with the ING loan terms; and
> US$1.52 million net proceeds (after debt and transaction costs) were released to the Trust at settlement.

Proceeds from lease buy out[15]

A further US$1.98 million from the Innoware Paper lease buy out is being held by ING, the Trust's lender, for application to certain capital expenditure requirements, sale costs and/or debt prepayment associated with the potential sale of the Trust's non-core assets at 4507 and 4531 Columbia Avenue.

CAPITAL MANAGEMENT

At 31 December 2013, the Trust had total debt of US$130.2 million with a weighted average debt expiry of 2.2 years and a weighted average cost of debt of 4.42 per cent. The Trust's gearing level at 31 December 2013 was 61.3 per cent down from 63.0 per cent at 30 June 2013, reduced by US$13.48 million through a combination of proceeds from the Ridgewood asset sale together with the amortisation as mandated in the loan terms.

EARNINGS AND DISTRIBUTION GUIDANCE

The Trust's operating earnings guidance for FY14 is forecast to be in the range of 2.00 – 2.20 cpu[16]. The guidance range is based on the following assumptions:

> That no further asset sales occur during FY14;
> An average AUD/USD foreign exchange rate of $0.9094[17]; and

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[13] The sale price of US$15.20 million plus the lease buy out proceeds from the Innoware Paper lease of US$1.98 million provides total proceeds from the sale of US$17.18 million versus a book value of US$15.10 million at 30 June 2013.
[14] The CJF3 loan pool houses the debt for 4507 and 4531 Columbia Avenue.
[15] As a consequence of the sale of the Ridgewood asset, the lease to Innoware Paper was terminated on settlement which occurred on 4 December 2013 (US time).
[16] FY14 operating earnings guidance announced on 23 August 2013 was in the range of 2.20-2.40 cpu. As a consequence of the sale of W165 N2830 Ridgewood Drive, Menomonee Fall which settled on 4 December 2013 (US time), the Trust's operating earnings guidance range was revised to 2.00 – 2.20 cpu as released to the market on 21 November 2013.
[17] Based on the July 2013 average of the four major banks CBA, NAB, WBC and ANZ. The average AUD/USD foreign exchange rate for FY13 was $1.0104.

- No significant changes in the macro-economic environment or prevailing market conditions in the Chicago industrial market.

The earnings guidance is highly sensitive to the timing of the non-core asset sales. The guidance income contribution for the six months to 30 June 2014 from all four non-core assets is approximately 0.44 cpu[18].

As foreshadowed in our August 2013 release, the Board of MFML anticipates that no distributions will be paid in FY14 from FY14 earnings. This position will continue to be assessed as the year progresses taking into account:

- The possibility of capital distributions from the sale of the non-core assets, if any, and subject to any conditions the lender may impose on the application of sale proceeds;
- The Trust's requirements to maintain a strong balance sheet and ensure sufficient funding capacity to undertake leasing and base building capital expenditures and value add projects (where appropriate); and
- No significant changes in the macro-economic environment or prevailing market conditions in the Chicago industrial market.

MFML will provide further updates to the market as non-core asset sales are progressed and earnings and distribution implications can be quantified.

STRATEGY

Non-core assets[19] sale update

MFML is presently in advanced negotiations with the preferred bidder for the sale of all four non-core assets. At this time, MFML cannot guarantee that the sale of the four non-core assets will be completed. MFML will provide further updates to the market on these negotiations as they progress.

Once the non-core assets sales have been completed, an opportunity may present itself to sell the realigned portfolio in one line and transfer the asset level debt[20] to an acquirer potentially mitigating the considerable debt prepayment[21] costs (approximately US$10 million[22]) that would be incurred in a piecemeal wind-up scenario.

For more information, please contact:

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Disclaimer:

Indications of, and guidance on, future earnings and financial position and performance of Mirvac Industrial Trust contained in this announcement are "forward-looking statements". Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of MFML that may cause actual results to differ materially from those expressed or implied in such statements. No representation is made as to the accuracy of these statements and there can be no assurance that actual outcomes will not differ materially from such statements.

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[18] Should all the non-core assets be sold prior to 30 June 2014, the Trust's operating earnings guidance would be reduced by a proportionate amount.
[19] The non-core assets are 308 South Division Street, 900 East 103rd Street, 4507 and 4531 Columbia Avenue.
[20] Under the ING loan document, the asset level debt is transferable to a purchaser subject to ING credit approval and payment of a transfer fee (0.75 per cent of the outstanding loan amount, approximately US$1.0 million).
[21] Prepayment with payment of yield maintenance for the duration of the loan term (US Treasuries + 30bps) or 1 per cent of the principal repaid, whichever is the greater. Prepayment penalties are not applicable six months of the maturity date.
[22] As at 31 December 2013.