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ASX ANNOUNCEMENT

14 February 2013

MIRVAC INDUSTRIAL TRUST
DECEMBER 2012 HALF YEAR RESULTS

Mirvac Funds Management Limited ("MFML") as responsible entity for Mirvac Industrial Trust ("MIX" or the "Trust") (ASX Code: MIX) is pleased to announce the financial results for MIX for the half year ended 31 December 2012.

Key financial information for the half year ended 31 December 2012 included:

- > A statutory net profit of $4.0 million, representing 1.12 cents per unit ("cpu");
- > An operating profit[1] of $4.1 million (representing 1.14 cpu) an increase of 32.3 per cent over the previous corresponding period's operating profit of $3.1 million (representing 0.85 cpu);
- > Total assets of $220.3 million;
- > Net tangible assets ("NTA") of $0.19 per unit, no change over 30 June 2012;
- > Gearing reduced to 63.0 per cent, down from 65.5 per cent at 30 June 2012;
- > A weighted average debt expiry of 3.2 years;
- > A reduction in the weighted average cost of debt to 4.42 per cent, down from 4.60 per cent at 30 June 2012; and
- > Total return for the six months and one year to 31 December 2012 of 9.1 per cent and 50.0 per cent[2], respectively.

Nicholas Blake, Trust Manager, said, "The Trust's half year result is in line with expectations. The Trust remains on track to deliver on its FY13 earnings guidance of 1.85 to 2.00 cents per unit. We are anticipating full year operating earnings being towards the upper end of the guidance range notwithstanding our expectation of a weaker second half due to the timing of seasonal operating expenses."

No distribution will be paid for the half year ended 31 December 2012, however subject to the settlement of 3145 Central Avenue, Waukegan[3], and no unforseen events or changes in the prevailing market conditions for the remainder of the current financial year, MFML intends to declare a distribution for the year ending 30 June 2013 of 0.5 cents per unit.

The unit price of MIX increased to $0.12 as at 31 December 2012 from $0.08 as at 31 December 2011.

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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. Its calculation is consistent with the Trust's product disclosure statements. The Directors consider operating profit to reflect the core earnings of the Trust. This has not been subject to audit or review. Please refer to page 2 of the Mirvac Industrial Trust interim report for the half year ended 31 December 2012 for further information.

[2] Source: UBS Australian REIT Month in Review December 2012.

[3] Under contract and held for sale at 31 December 2012. Settlement is expected to be completed on 22 February 2013 (US time).

PORTFOLIO UPDATE

Market update

Demand for industrial space in the Chicago industrial market continued to improve through to 31 December 2012 with market vacancy dropping to 9.1 per cent[4], the lowest rate recorded in five years with rental rates beginning to rise throughout the market.

However, the majority of the improvement has been for higher quality buildings in logistics focussed corridors where the Trust has no exposure rather than evenly distributed across all sub-markets.

Since the market recovery commenced during the second half of 2010, nearly 33.3 million square feet[5] of space has been absorbed, suggesting that on a vacancy and absorption basis, Chicago's industrial market fundamentals are at pre-recession levels.

Asset valuations

Asset valuations[6] for the six months to 31 December 2012 were stable with the value of the Trust's portfolio increasing by US$1.3 million to US$215.4 million[7,8]. The weighted average capitalisation rate for the portfolio firmed slightly to 8.57 per cent[6] at 31 December 2012 from 8.58 per cent at 30 June 2012.

"Asset valuations remained relatively static pending material improvement in asking rents for B-grade assets, which is expected to be at least 12 months away. Market consensus is that B-grade values remain 50 to 75 basis points above historical averages as investors continue to pursue A-grade assets, even those located in secondary markets," Mr Blake stated.

Leasing and occupancy

During the period, the Trust executed eight leases totalling approximately 0.9 million square feet of space (0.7 million square feet of renewals and 0.2 million square feet of new leases) including:

- *1750 South Lincoln Avenue, Freeport*
  Newell Rubbermaid entered into a new lease at 1750 South Lincoln Avenue, Freeport, Illinois over 499,200 square feet for a term of six years.

- *3841 Swanson Court, Gurnee*
  Focus Material Recycling has entered into a new 10 year lease over 42,892 square feet of previously vacant space.

- *1850 Greenleaf Avenue, Elk Grove Village*
  Streamline Transport Solutions has entered into a new 5.3 year lease over 58,627 square feet of previously vacant space.

- *13040 South Pulaski Avenue, Alsip*
  AEP Industries has entered into a new 3.0 year lease and increased their space requirements from 30,000 square feet to 68,524 square feet.

- *4531 Columbia Avenue, Hammond*
  Heco Equipment Management Services Inc has renewed their lease for 12 months over 166,893 square feet.

As a result of leasing activity the Trust's weighted average lease expiry ("WALE") remained steady at 4.6 years[9]. Tenant retention remains strong at 75.8 per cent at 31 December 2012.

Occupancy in the portfolio has also improved from 86.7 per cent[10] over the previous corresponding period to 88.6 per cent[9] at 31 December 2012.

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[4] Source: CBRE Chicago Industrial Market Q4 2012 Market View.
[5] Source: NAI Hiffman.
[6] Including independent and directors' valuations.
[7] By book value, on a like-for-like asset basis, excluding 3145 Central Avenue, Waukegan under contract and held for sale at 31 December 2012. Settlement is expected to be completed on 22 February 2013 (US time).
[8] Based on audited book values at 31 December 2012 totalling A$207.5 million at AUD/USD FX rate of 1.0384.
[9] By income.

Post 31 December 2012, MFML entered into lease transactions that, on a combined basis, increased the portfolio's occupancy to 89.7 per cent, increased weighted average lease expiry to 4.8 years[11] and reduced FY13 and FY14 expiries to 1.6 and 8.3 per cent, respectively.

Divestment of assets

As previously announced, MFML has agreed the sale of the Trust's asset at 3145 Central Avenue, Waukegan for US$2.55 million (before costs). The sale was conditional on the Trust receiving environmental clearance from the State of Illinios. The environmental clearance has been received and settlement of the asset is expected to occur on 22 February 2013 (US time).

CAPITAL MANAGEMENT

At 31 December 2012, the Trust had total debt of US$145.2 million with a weighted average debt expiry of 3.2 years and a weighted average cost of debt of 4.42 per cent. The Trust's gearing level at 31 December 2012 was 63.0 per cent down from 65.5 per cent at 30 June 2012, reduced through a combination of the pay down of the Mirvac Group Finance Limited ("MGFL") facility and amortisation of the Trust's ING loans as required under the loan documentation.

The MGFL loan[12] balance was nil at 31 December 2012 having being paid down during the period. It is intended that the MGFL facility be retired following the settlement of 3145 Central Avenue, which will benefit the Trust through a reduction in line fees.

STRATEGY

MFML has remained focussed on the ongoing asset management, disciplined portfolio management and prudent capital management with a view to deliver value for the benefit of MIX unitholders.

With operating conditions stable to improving in the Chicago industrial market, MFML has identified the following five non-core assets which we intend to divest to realign and establish a core B-grade Chicago centric industrial portfolio:

- 3145 Central Avenue, Waukegan, Illinois[13]
- 308 South Division Street, Harvard, Illinois
- 900 East 103rd Street, Chicago, Illinois
- 4507 Columbia Avenue, Hammond, Indiana
- 4531 Columbia Avenue, Hammond, Indiana

The non-core assets listed above represent approximately 18.2 per cent of the portfolio by book value and approximately 23.4 per cent by net property income (excluding capital expenditure). The sale of these assets is expected to further de-risk the portfolio by improving the underlying fundamentals including vacancy, capital expenditure requirements, weighted average lease expiry profile and debt levels. Realigning the portfolio through the sale of the non-core assets will generate a portfolio with a more stable and secure earnings stream and removes the latent environmental risk associated with the heavy manufacturing style tenants.

Mr Blake said, "Although the sale of these assets will reduce the Trust's earnings due to their high yielding nature, their divestment is expected to improve the overall quality of the remaining portfolio. Once divested, the sale of the non-core assets, which in some cases date back to the 1940's, is expected to deliver cash savings to the Trust through a reduction in capital expenditure requirements."

MFML intends to appoint third party agents to establish a formal sales and marketing campaign for the non-core assets in the June 2013 quarter, after MFML has approached key tenants regarding an extension of lease term, where appropriate, to preserve asset values. Depending on the prevailing market conditions it is expected the sales and marketing process may take up to six months from the appointment of third party agents.

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[10] By area.

[11] By income.

[12] The MGFL facility limit at 31 December 2012 was US$4.8 million. Line fees of 3.75 per cent per annum are payable on the facility limit.

[13] 3145 Central Avenue, Waukegan is under contract and held for sale at 31 December 2012. Settlement is expected to be completed on 22 February 2013 (US time).

In addition to the non-core assets set out above, MFML may consider offering certain vacant assets for sale to owner occupiers alongside the current leasing campaigns for those assets with the preference of retaining these assets as part of the core portfolio, if successfully leased.

MFML believes a realigned portfolio comprised of core B-grade Chicago-centric industrial assets will create opportunities to deliver value for unitholders and is expected to be more attractive to institutional owners of industrial assets. A future opportunity may present itself to sell the realigned portfolio in one line and transfer the asset level debt[14] to an acquirer potentially avoiding the considerable debt prepayment[15] costs (approximately US$17 million) that would be incurred in a piecemeal wind-up scenario.

While our focus will be on the implementation of the strategy outlined, other opportunities that may arise in the future will be reviewed in light of achieving the best outcome for unitholders.

Earnings and Distribution guidance

The Trust remains on track to deliver on its FY13 operating earnings[16] guidance of 1.85 to 2.00 cents per unit.

Subject to the settlement of 3145 Central Avenue, Waukegan[17], and no unforseen events or changes in the prevailing market conditions in the Chicago industrial market for the remainder of the current financial year, MFML intends to declare a distribution for the year ending 30 June 2013 of 0.5 cents per unit. Following the future sale of any non-core assets, MFML will review opportunities for further distributions on a case by case basis.

Further, MFML intends to reinstate income distributions in FY14, on a gradual basis, subject to the preparation of the Trust's FY14 budgets and a review of the prevailing market conditions in the Chicago industrial market. The Trust will provide FY14 distribution guidance as part of the FY13 results in August 2013.

Nicholas Blake, Trust Manager, said, "Following the successful completion of the Trust's capital stability initiatives, coupled with the slow but evident recovery of operating conditions in the Chicago industrial market and improving portfolio metrics, we believe it is appropriate to progress initiatives to return funds to unitholders who have supported the Trust through the difficult post GFC period."

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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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[14] 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 balance, approximately US$1.1 million).

[15] Prepayment with payment of Yield Maintenance for duration of loan term (US Treasuries + 30bps) or 1 per cent of the principal prepaid, whichever is greater. Prepayment penalties are not applicable within six months of the maturity date.

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[17] 3145 Central Avenue, Waukegan is under contract and held for sale at 31 December 2012. Settlement is expected to be completed on 22 February 2013 (US time).