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ASX ANNOUNCEMENT

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MIRVAC INDUSTRIAL TRUST
FY13 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 year ended 30 June 2013.

Key financial information for the year ended 30 June 2013 included:

> A statutory net profit of $3.0 million, representing 0.8 cents per unit ("cpu");
> An operating profit[1] of $7.2 million (representing 2.0 cpu) an increase of 7.5 per cent over the previous corresponding period's operating profit of $6.7 million (representing 1.9 cpu);
> Total assets of $244.3 million;
> Net tangible assets ("NTA") of 21.0 cents per unit, an increase over the NTA of 19.0 cents per unit at 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 2.7 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[2], one year and three years to 30 June 2013 of 37.5 per cent, 50.0 per cent and 64.6 per cent, respectively.

Nicholas Blake, Trust Manager, said, "The Trust's full year result is at the upper end of the operating earnings guidance range of 1.85 to 2.00 cents per unit and is in line with expectations. The Trust continues to benefit from the ongoing US recovery, the pace of which is building momentum. In addition, the potential for further USD/AUD foreign exchange rate movements may help bolster the Trust's operating earnings and net tangible asset backing going forward."

A distribution of 0.5 cents was declared for the year ended 30 June 2013 following the settlement of 3145 Central Avenue, Waukegan in February 2013.

The unit price of MIX increased to $0.16 as at 30 June 2013 from $0.11 as at 30 June 2012.

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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 statement. This has not been subject to any specific audit procedures by the Trust's auditors but has been extracted from the financial statements. Please refer to page 2 of the Trust's Annual Financial Report for the year ended 30 June 2013 for the reconciliation between profit/(loss) for the year and operating profit.
[2] Source: UBS Australian REIT Month in Review June 2013.

MARKET UPDATE

Demand for industrial space in the Chicago industrial market continued to improve through to 30 June 2013 with the market availability rate[3] decreasing to 8.7 per cent.

Asking rental rates and tenant incentives continue to normalise as the availability rate continues to decline and large blocks of A-grade space reduce in certain sub-markets. Although demand remains consistent, there is 2.8 million square feet of upcoming expiries across the greater Chicago industrial market that may impact the market availability rate in the short term if not renewed.

Net absorption totalled a positive 7.1 million square feet to 30 June 2013 with the June quarter marking the twelfth consecutive quarter of positive net absorption[4]. Construction activity continues to gather pace however the majority of activity remains focussed on build to suit opportunities rather than speculative construction.

PORTFOLIO UPDATE

Asset valuations

During the six months ended 30 June 2013, 16 assets, including three of the four non-core assets, or 42.8 per cent of the portfolio by book value, were independently valued with the remaining 13 assets being subject to Directors' valuations during the six months ended 30 June 2013. The combined impact of both independent and Directors' valuations was a decrease of US$2.9 million to US$212.5 million[5,6]. The weighted average capitalisation rate for the portfolio firmed slightly to 8.52 per cent[5] at 30 June 2013 from 8.57 per cent at 31 December 2012. Throughout FY13, 28 of the Trust's assets have been independently valued[7].

"The majority of the valuation decline was attributed to six assets, four being the non-core assets. Aside from the impact of the expiring tenant at 5990 West Touhy Avenue, the valuations for the core portfolio have generally stabilised, with underlying fundamentals showing signs of improvement." Mr Blake said.

Leasing and occupancy

During the period, the Trust executed 19 leases totalling approximately 1.3 million square feet of space (1.1 million square feet of renewals and 0.2 million square feet over vacant space) including:

> *1750 South Lincoln Avenue, Freeport*
  Newell Rubbermaid renewed their lease at 1750 South Lincoln Avenue, Freeport, Illinois over 499,200 square feet for a term of six years.

> *6751 South Sayre Avenue, Bedford Park*
> Superior Mailing Service has renewed their lease for 7.8 year over 242,690 square feet.

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

> *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.

  American Eagle Packaging Corp has renewed their lease for 3.3 year over 61,209 square feet.

[3] Market availability rate includes space available for sub-lease but not listed as vacant.
[4] Source: CBRE Chicago Industrial MarketView, Q2, 2013.
[5] By book value, on a like-for-like asset basis.
[6] Based on audited book values at 30 June 2013 totalling A$229.1 million at an AUD/USD foreign exchange rate of 0.9275.
[7] 308 South Division Street, Harvard, is the only asset that has not been independently valued during FY13.

> *900 East 103rd Street, Chicago*
> Samuel & Sons has entered into a new 5.7 year lease over 63,965 square feet.

> *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.

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

As a result of leasing activity the Trust's weighted average lease expiry reduced to 4.3 years[8] from 4.6 years at 30 June 2012. Tenant retention since inception remains strong at 76.0 per cent at 30 June 2013.

At 30 June 2013, vacancy in the portfolio remained low at 9.8 per cent[9] compared to the market availability rate of 8.7 per cent.

Post 30 June 2013, the portfolio's vacancy rate increases to 11.4 per cent[8] and WALE to 4.6 years[7] taking into account:

> Lease expiries at 5990 West Touhy Avenue, Niles and 1020 Frontenac Road, Naperville; and
> Anticipated leasing deals with FedEx at 5110 South 6th Street, Milwaukee and Popcorn Factory at 28170 North Keith Drive, Lake Forest.

Divestment of assets

MFML successfully completed the sale of the Trust's asset at 3145 Central Avenue, Waukegan for US$2.55 million (before costs). The settlement of the asset occurred on 22 February 2013 (US time).

CAPITAL MANAGEMENT

At 30 June 2013, the Trust had total debt of US$143.6 million with a weighted average debt expiry of 2.7 years and a weighted average cost of debt of 4.42 per cent. The Trust's gearing level at 30 June 2013 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 partial amortisation of the Trust's ING loans as required under the loan documentation. During the year, the ING facilities were amortised by US$3.1 million.

During the period the MGFL loan was terminated following the sale of 3145 Central Avenue, Waukegan which settled in February 2013.

EARNINGS AND DISTRIBUTION GUIDANCE

The Trust's operating earnings guidance for FY14 is forecast to be in the range of 2.20 – 2.40 cents per unit. The guidance range is based on the following assumptions:

> That no asset sales occur during FY14;
> An average AUD/USD foreign exchange rate of $0.9094[10]; and
> 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 forecast income contribution from all four non-core assets is approximately 0.44 cpu. Should all the non-core assets be sold by 31 December 2013 the Trust's operating earnings guidance would be reduced by a corresponding amount.

Earnings volatility stemming from lease expiries at 1020 Frontenac Road and 5990 West Touhy Avenue combined with the expected earnings impact from the non-core asset sales make it impractical to reinstate income distributions at this time.

[8] By income.
[9] By area.
[10] 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.

As a result, the Board of MFML anticipates that no distributions will be paid in FY14. This position will 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.

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

STRATEGY

Our strategic focus remains on the execution of the business strategy that we announced to the market in February 2013. The first phase of this process is the execution of the sale of the four non-core assets – 308 South Division Street, Harvard, 900 East 103rd Street, Chicago and 4507 and 4531 Columbia Avenue, Hammond. In August 2013, management engaged a specialist local brokerage group to commence a marketing and sales campaign for the four non-core assets. Marketing preparations are now complete with commencement of the non-core asset campaign scheduled early September 2013.

Prior to the commencement of the sales and marketing campaign, positive interest in 308 South Division Street, Harvard has been received at pricing in line with the assets 30 June 2013 book value which may lead to an off-market transaction.

While the prevailing market conditions continue to improve, the specialised nature of the non-core assets may see the sales campaign for the non-core assets take up to six months to complete and there can be no certainty that compelling offers will be received.

Approval from the Trust's Lender, ING, is required to complete the sale of the non-core assets. Further, due to the high yielding nature of the non-core assets, the lender may require any excess proceeds to be applied to reducing the loan balance.

Once the non-core assets sales have been completed, a future opportunity may present itself to sell the realigned portfolio in one line and transfer the asset level debt[11] to an acquirer potentially mitigating the considerable debt prepayment[12] costs (approximately US$13 million[13]) that would be incurred in a piecemeal wind-up scenario.

With the focus on the execution of the non-core assets sales program and the ultimate realignment of the portfolio to achieve a core B-grade Chicago-centric focused pool of industrial assets, we continue with our active asset management program to ensure that the key property metrics of the core portfolio are maintained and/or improved to provide stable income streams.

For more information, please contact:

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[11] 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).
[12] 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.
[13] As at 30 June 2013.

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.