ASX
RELEASE

28 May 2014

MIRVAC INDUSTRIAL TRUST
NON-CORE ASSET SALE CONTRACT UNCONDITIONAL & STRATEGY UPDATE

Mirvac Funds Management Limited ("MFML"), the responsible entity of Mirvac Industrial Trust [ASX: MIX], advises that further to the announcement on 14 May 2014, the purchaser, Industrial Realty Group, LLC ("IRG")[1], has satisfactorily completed due diligence to acquire the four non-core assets being 308 South Division Street, Harvard, 900 East 103rd Street, Chicago, 4527 and 4531 Columbia Avenue, Hammond for a total consideration, before costs, of US$30.5 million, versus a book value of US$31.6 million[2] and the contract is now unconditional. Settlement of the sale is expected to take place on 25 June 2014 (US time).

The sale will be structured in two instalments:

1. **US$29.5 million payable at settlement (excluding promissory note)**
   The proceeds to be received on settlement from the non-core asset sale of US$29.5 million[3] combined with US$2.0 million received from the tenant buy-out associated with the sale of the Ridgewood Drive asset last year[4], provide available proceeds of US$31.5 million which are expected to be apportioned across the ING loan facilities repayments and for transaction costs as follows:

   - US$20.6 million applied to the ING loan facilities to extinguish the allocated loan balance for the non-core assets;
   - US$3.7 million to be applied as an additional loan repayment towards the ING loan facilities;
   - US$1.6 million for estimated yield maintenance charges, in line with the ING loan facilities;
   - US$2.0 million for sales commission and other sales costs including credits for prepaid taxes;
   - US$2.5[5] million to be credited to IRG in relation to certain outstanding tenant incentives; and
   - US$1.1 million is expected to be released to the Trust at settlement.

[1] IRG is a nationwide US real estate development and investment firm whose portfolio contains over 100 properties in 25 states with over 80 million square feet under its ownership.
[2] As at 31 December 2013.
[3] Excluding US$1.0 million promissory note.
[4] As outlined in announcements to the market dated 21 November 2013 and 20 February 2014, upon the sale of W165 N5830 Ridgewood Drive, Menomonee Falls which settled in December 2013, the lease buy out proceeds associated with this sale were held by ING for application to certain capital expenditure requirements, sale costs and/or debt prepayment associated with the potential sale of 4527 and 4531 Columbia Avenue, Hammond.
[5] With regard to the outstanding tenant incentives, works in relation to this cost are underway and partial payment for these works (approximately US$1.0 million) may be incurred prior to settlement of the sale of the four non-core assets taking place. If this occurs, there will be a dollar for dollar reduction in the credit given to the purchaser and a corresponding increase in the proceeds released to the Trust at settlement.

2. **US$1.0 million payable via promissory note**
   The promissory note[6,7], which is payable in June 2017[8], will be structured on an 8 per cent per annum interest only basis (payable monthly) and will be guaranteed by an IRG entity that is subject to a minimum liquidity covenant of US$6.0 million.

In addition, ING currently holds approximately US$2.7 million in capital expenditure reserves relating to the non-core assets. Post settlement ING will reimburse approximately US$1.3 million to the Trust and reallocate the remaining amount of approximately US$1.4 million to a special reserve that can be applied to portfolio capital expenditures at the Trust's discretion.

In isolation the non-core assets sale is expected to reduce the Trust's Net Tangible Assets by approximately 1.8 cents per unit excluding any foreign exchange or portfolio revaluation impacts.

The sale of the non-core assets leaves a portfolio of 24 B-grade, Chicago-centric, industrial assets with a book value of US$163.9 million[2], an average building age of approximately 24 years, down from 42 years and an average capitalisation rate of 8.06 per cent[2].

The Trust's weighted average lease expiry reduces slightly to 4.3 years from 4.4 years[2] and the vacancy rate improves to 9.5 per cent from 11.4 per cent[2] as a result of the non-core assets sale.

Due to the proximity of the timing of settlement of the non-core assets sale to 30 June 2014, the operating earnings guidance range of 2.00 to 2.20 cents per unit released in February 2014 remains unchanged.

Strategy update
With the sale of the non-core assets expected to settle in June 2014, MFML has appointed financial advisers, Macquarie Capital (Australia) Limited and Chicago property specialists, CBRE Group Inc., to undertake a process to seek formal Expressions of Interests ("EOI") towards the realisation of 100 per cent of MIX units listed on the ASX. MFML believes that an EOI campaign may create an opportunity to deliver value to unitholders.

At this point in time, there can be no guarantee that the EOI campaign will result in a transaction. MFML will continue to keep the market updated as this campaign progresses.

[6] A condition of the promissory note is if the key tenant vacates the 900 East 103rd Street, Chicago asset in its entirety at lease expiry in December 2014, the promissory note balance will be reduced by US$0.5 million to US$0.5 million.
[7] As part of the transaction MIX has agreed to provide a master lease for 12 months from 25 June 2014 (US time) over a portion of the space occupied by HECO at 4531 Columbia Avenue, Hammond should this lease not be extended prior to settlement. Any payments made under the master lease will be offset by a corresponding increase to the promissory note.
[8] Three years from the date of settlement.

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