

FY14

RESULTS PRESENTATION

MIRVAC INDUSTRIAL TRUST
21 AUGUST 2014
(ARSN: 113 489 624) ASX: MIX



AGENDA



- FY14 KEY ACHIEVEMENTS
- FY14 FINANCIAL RESULTS
- CAPITAL MANAGEMENT
- PORTFOLIO METRICS
- STRATEGIC ASSET SALES
- EXPRESSIONS OF INTEREST CAMPAIGN
- STRATEGY & GUIDANCE
- APPENDICES

FY14 KEY ACHIEVEMENTS



FY14 KEY ACHIEVEMENTS



- Achieved operating earnings¹ of 2.32 cents per unit, above the 2.00 to 2.20 cents per unit guidance range
- Delivered on strategic asset sales:
 - > W165 N5830 Ridgewood Drive, Menomonee Falls for a total consideration of US\$17.18 million²
 - > Four non-core assets³ for a total consideration of US\$30.50 million⁴
- Gearing reduced to 57.27 per cent
- Strategic process announced in February 2013 has delivered a realigned portfolio of 24 B-grade, Chicago-centric, industrial assets with a book value of US\$164.00 million
- Following the sale of the Trust's four non-core assets, MFML announced the commencement of an Expressions of Interest ("EOI") campaign for realisation of 100 per cent of MIX units
- Leased 0.87 million sqf of space across the portfolio to 30 June 2014

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 21 of this presentation for the reconciliation between statutory (loss)/profit and operating profit for the year.

² Before costs. The sale price of US\$15.20 million plus the lease buy out proceeds from the Innware Paper lease of US\$1.98 million provides total proceeds from the sale of US\$17.18 million.

³ As announced on 28 May 2014, the four non-core assets are 308 South Division Street, Harvard, 900 East 103rd Street, Chicago and 4527 and 4531 Columbia Avenue, Hammond.

⁴ Before costs. US\$29.50 million received on settlement in June 2014 and US\$1.00 million promissory note payable in June 2017.

FY14 FINANCIAL RESULTS



FY14 FINANCIAL RESULTS



		YEAR ENDED 30 JUN 14	YEAR ENDED 30 JUN 13
Statutory (loss)/profit	(A\$m)	(3.56)	3.03
Statutory (loss)/earnings	CPU	(0.98)	0.84
Operating profit ¹	(A\$m)	8.40	7.25
Operating earnings ¹	(CPU)	2.32	2.00
Net property income	(US\$m)	16.14	17.21
NTA	(\$A)	0.20	0.21
Foreign exchange rate	(AUD/USD)	0.9432	0.9275
Closing market price	(A\$)	0.165	0.16
Gearing	(%)	57.27	63.01
Debt service cover ratio	(x)	2.98	2.65

- Delivered operating earnings¹ of 2.32 cents per unit, above the 2.00 to 2.20 cents per unit guidance range
- Gearing reduced to 57.27 per cent, from 63.01 per cent as at 30 June 2013
- NTA decreased to \$0.20 per unit from \$0.21 per unit as at 30 June 2013, primarily as a result of transaction and debt related costs attributed to the non-core asset sales completed in June 2014
- No distribution paid for FY14
 - > capital retained to provide adequate funding for both the expected costs associated with the EOI campaign and to actively maintain the Trust's assets through this period

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CAPITAL MANAGEMENT



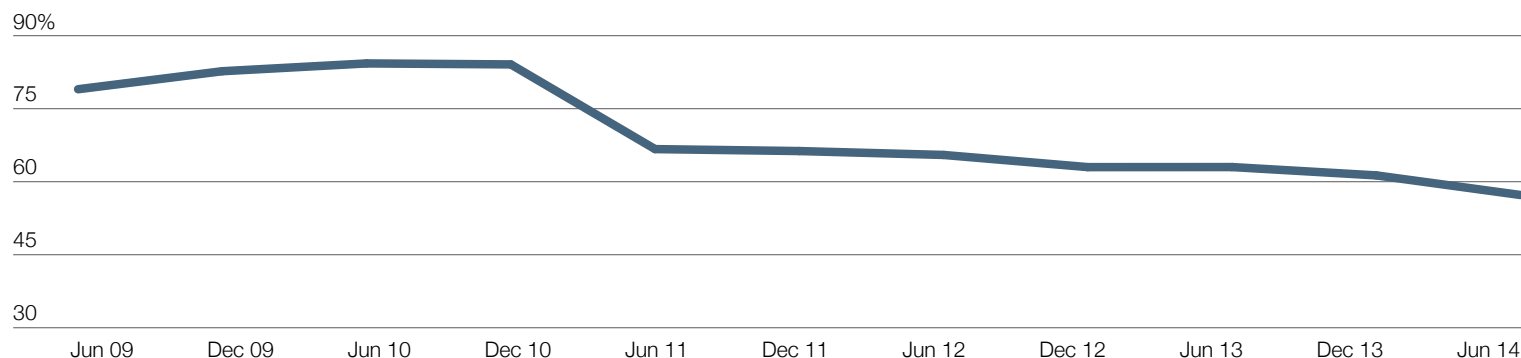
CAPITAL MANAGEMENT



- 1.67 years weighted average debt term remaining at 30 June 2014
- 4.43 per cent weighted average cost of debt
- Gearing reduced to 57.27 per cent as at 30 June 2014, down from 63.01 per cent as at 30 June 2013 via a combination of amortisation and repayments from asset sales
- CJF3 assets¹ were sold on 27 June 2014 and the facility was subsequently extinguished

DEBT PROFILE AT 30 JUNE 2014	BALANCE US\$m	DEBT (%)	COST (%)	MATURITY
ING Facility – CJF1 LLC	34.67	33.25	4.30	1 Mar 16
ING Facility – CJF2 LLC	69.60	66.75	4.50	1 Mar 16
TOTAL FIXED	104.27	100.00	4.43	1.67 years

MIX GEARING LEVELS – FROM JUNE 2009 TO JUNE 2014



¹ 4527 and 4531 Columbia Avenue, Hammond.

PORTFOLIO METRICS



PORTFOLIO METRICS

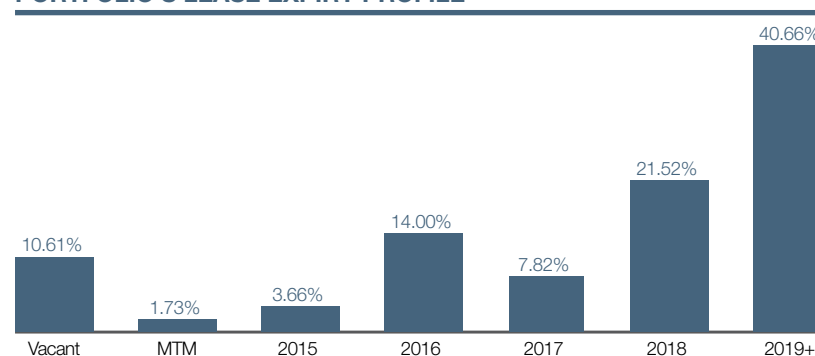
VACANCY, WALE AND LEASING AT 30 JUNE 2014



- Portfolio's vacancy is 10.61 per cent
 - > 45.09 per cent of the portfolio's vacancy is attributable to two assets: 5990 W. Touhy Avenue, Niles and 1020 Frontenac Road, Naperville due to tenant expiries in July 2013
 - > Market availability rate is 7.95 per cent¹
- Portfolio's WALE is 3.91 years
- Executed lease transactions over 0.87 million sqf during the year
 - > 0.71 million sqf over occupied space (renewals)
 - > 0.16 million sqf over vacant space
- Tenant retention continues to remain strong at 76.11 per cent²

	30 JUN 14	31 DEC 13	30 JUN 13
Vacancy (%) ³	10.61	10.84	8.98
FY15 expiry (%) ³	3.66	9.37	9.07
Weighted average lease expiry (years) ⁴	3.91	4.13	4.10
Tenant retention (%) ²	76.11	75.86	76.02
Portfolio passing rent (US\$/sqf)	2.94	2.83	2.94
Portfolio market rent (US\$/sqf)	3.26	3.27	3.29

PORTFOLIO'S LEASE EXPIRY PROFILE⁵



1 Source: CBRE. Market availability includes competing space available for sub-lease but not listed as vacant.

2 By area. Since inception.

3 Weighted by area.

4 Weighted by income.

5 By area at 30 June 2014.

PORTFOLIO METRICS VALUATIONS



- Eight assets, or 29.76 per cent of the portfolio¹, were independently valued for the six months ended 30 June 2014
- Weighted average capitalisation rate firmed to 8.12 per cent² as at 30 June 2014
- In aggregate, asset valuations² increased US\$0.10 million³ over 31 December 2013 book value

	30 JUN 14	30 JUN 13
Book value (US\$m) ^{3,4}	164.00	162.20
Capitalisation rate (%) ³	8.12	8.33
Market rent (US\$/sqf) ³	3.26	3.29
Passing rent (US\$/sqf)	2.94	2.94

1 By book value.

2 Including Independent and Directors' valuations.

3 On a like-for-like asset basis.

4 Based on audited book values at 30 June 2014 totalling A\$173.88 million at an AUD/USD foreign exchange rate of \$0.9432 and 30 June 2013 audited book values totalling A\$174.88 million at an AUD/USD foreign exchange rate of \$0.9275.

STRATEGIC ASSET SALES



STRATEGIC ASSET SALES

RIDGEWOOD AND 4 NON-CORE ASSETS



- Completed asset sales that were announced as part of the strategic process in February 2013:
 - > W165 N5830 Ridgewood Drive, Menomonee Falls for a total consideration of US\$17.18 million¹. The sale settled in December 2013
 - > The four non-core assets² for a total consideration of US\$30.50 million³. The sale settled in June 2014

Asset	Book value US\$m	Allocated loan amounts repaid US\$m	Additional loan amounts repaid US\$m	Sale price US\$m	Proceeds from sales US\$m
W165 N5830 Ridgewood Drive, Menomonee Falls	15.10	9.88	1.98	15.20	1.52 ⁴
308 South Division Street, Harvard	22.20	11.16	2.97	18.00	
900 East 103rd Street, Chicago	5.00	3.48	0.70	5.50	1.33 ⁵
4527 and 4531 Columbia Avenue, Hammond	8.00	5.73	0.29	7.00	
TOTAL	50.30	30.25	5.94	45.70	2.85

In addition to the proceeds above, the Trust received the following:

- Release of US\$3.29 million from ING's capital expenditure reserves:
 - > US\$1.98 million from lease buy out proceeds from the sale of the Ridgewood asset which settled in December 2013, utilised in the settlement of the four non-core assets; and
 - > US\$1.31 million capital expenditure amounts relating to all four non-core assets which settled in June 2014
- A new US\$1.41 million supplemental capital expenditure reserve established with ING specifically from the sale of 308 South Division Street, Harvard
- US\$1.00 million promissory note payable in June 2017 in relation to the sale of the four-non-core assets

¹ Before costs. The sale price of US\$15.20 million plus the lease buy out proceeds from the Innovare Paper lease of US\$1.98 million provides the total proceeds from the sale of US\$17.18 million.

² The four non-core assets are 308 South Division Street, Harvard, 900 East 103rd Street, Chicago, and 4527 and 4531 Columbia Avenue, Hammond.

³ Before costs. US\$29.50 million received on settlement and US\$1.00 million promissory note payable in June 2017.

⁴ Excludes US\$1.98 million from lease buy out proceeds from the Innovare Paper lease.

⁵ Combined total for the sale of the four non-core assets.

STRATEGIC ASSET SALES

KEY SALE TRANSACTION ITEMS



RIDGEWOOD ASSET

Sale proceeds of US\$17.18 million included US\$1.98 million in lease buy out proceeds from the Innware Paper lease

Extinguished allocated loan balance of US\$9.88 million which included an additional loan reduction of US\$1.98 million in anticipation of sale of the Hammond assets¹

US\$1.52 million in net proceeds released from the sale at settlement in December 2013

FOUR NON-CORE ASSETS

Sale proceeds structured in two instalments US\$29.50 million at settlement and US\$1.00 million by way of a promissory note payable in June 2017

Extinguished combined allocated loan balance of US\$20.37 million and an additional loan repayment of US\$3.96 million

US\$1.33 million in net proceeds released from the sale at settlement in June 2014

¹ The Hammond assets, 4527 and 4531 Columbia Avenue, Hammond, were sold in June 2014.

EXPRESSIONS OF INTEREST CAMPAIGN



EOI CAMPAIGN



- MFML announced the commencement of an EOI campaign on 28 May 2014 with Macquarie Capital (Australia) Limited and Chicago property specialists, CBRE Group Inc., as its advisers
- The EOI campaign is focused on two broad transaction structures, being the sale of:
 - > 100 per cent of the Australian listed MIX units via a scheme of arrangement; or
 - > the US domiciled entities owned by MIX
- MFML believes that an EOI campaign may create an opportunity to deliver value to unitholders
- The EOI campaign is comprehensively testing the market's interest in MIX and its underlying real estate portfolio and is progressing well
- The EOI campaign is expected to culminate in an outcome by the end of the 2014 calendar year; however, MFML cannot guarantee that the EOI campaign will result in a successful conclusion
- Unitholders must vote and approve the ultimate outcome of any transaction that results from the EOI campaign
- The market will continue to be updated as the EOI campaign progresses

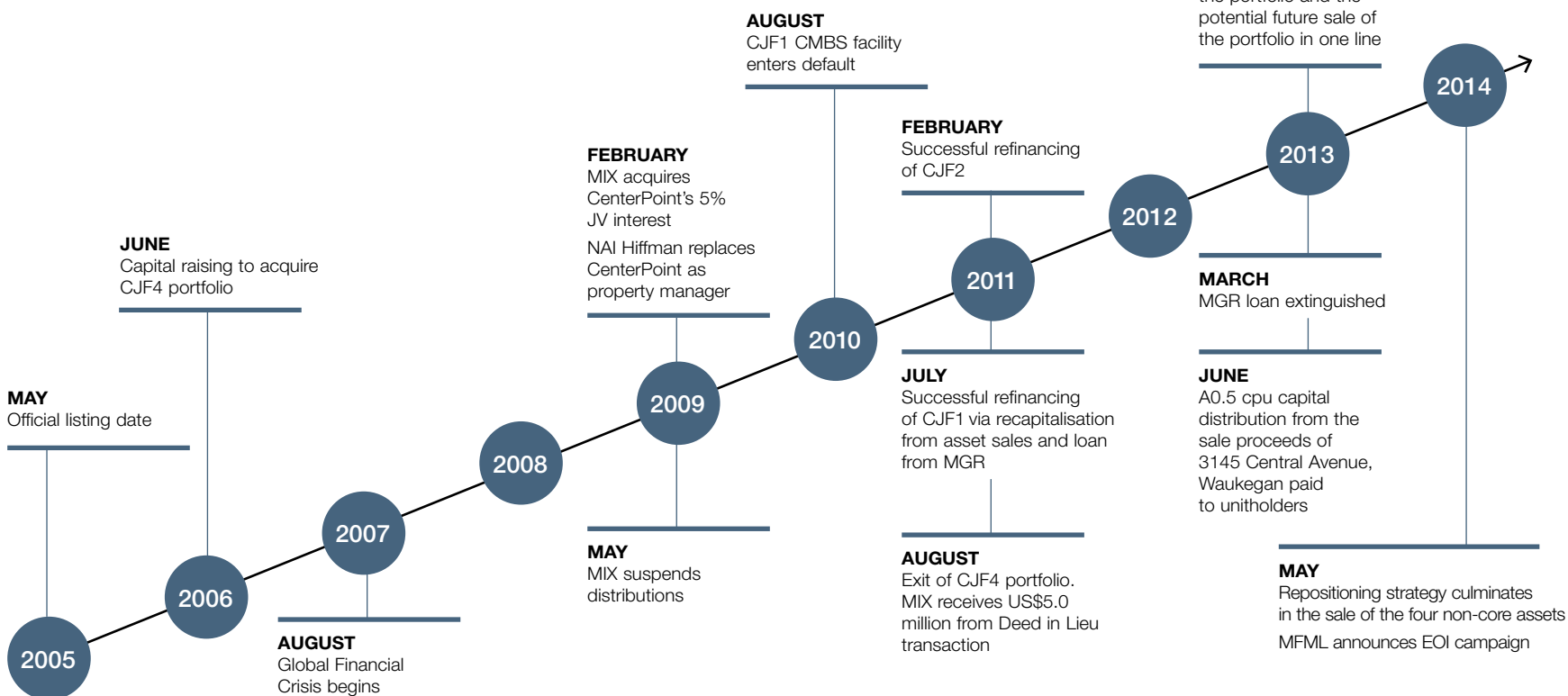
STRATEGY & GUIDANCE

STRATEGY

EVENT TIMELINE FROM 2005 TO CURRENT



- Over recent years, MFML has refinanced and repositioned the Trust's portfolio to preserve unitholder value

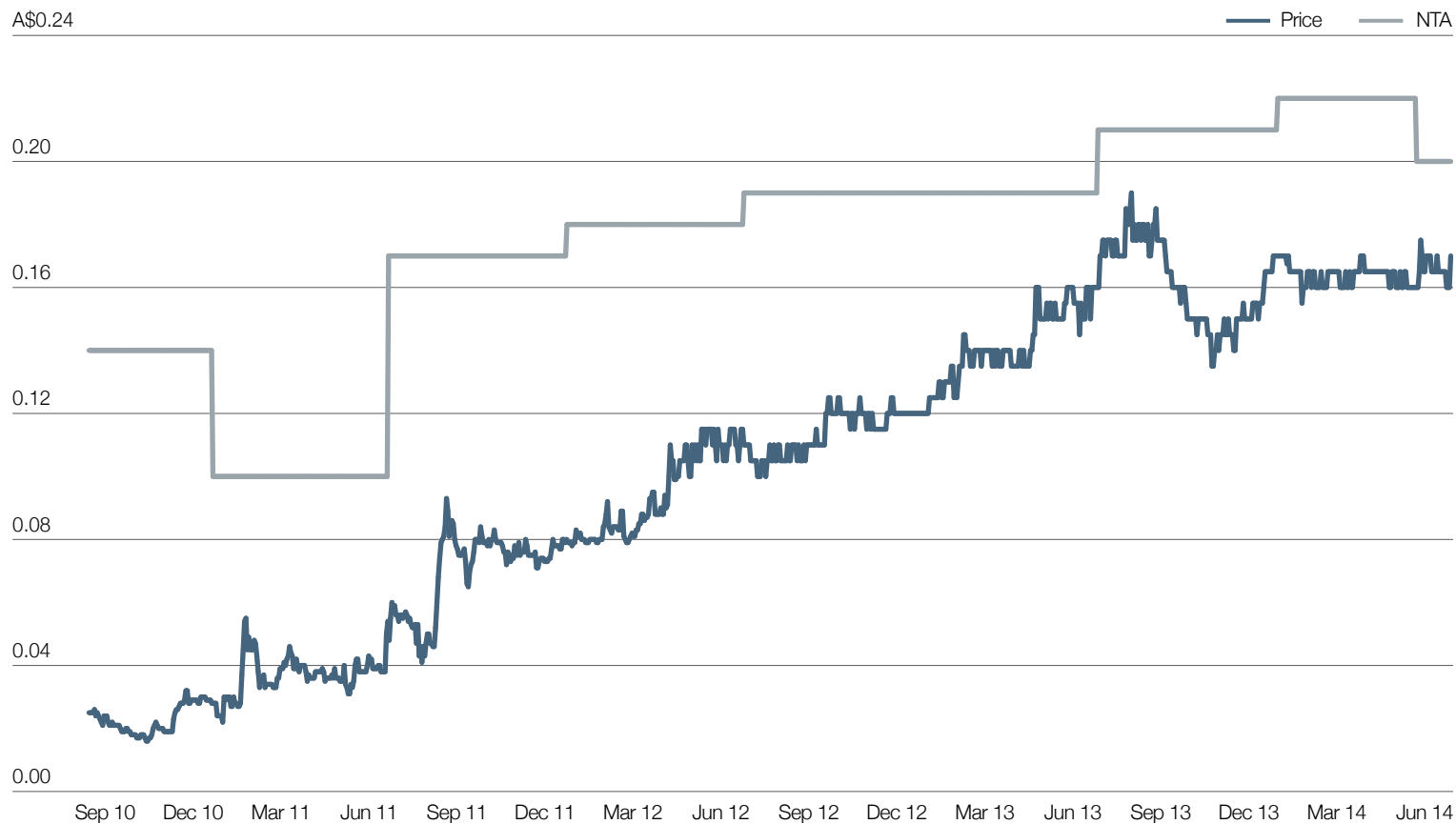


STRATEGY

PRICE¹ vs NTA²



FROM SEPTEMBER 2010 TO JUNE 2014



1 Source: IRESS.

2 Stated NTA.

STRATEGY SCORECARD & GUIDANCE



SCORECARD

1 ASSET MANAGEMENT

✓ ACHIEVED

Strong tenant retention

Low FY15 expiry

Reduced capex spend post non-core asset sales

Average building age reduced to 24 years

2 STRATEGIC ASSET SALES

✓ ACHIEVED

Sale of Ridgewood asset

Sale of four non-core assets

3 OUTCOMES

✓ ACHIEVED

Gearing below 60 per cent

Realigned portfolio of 24 B-grade, Chicago-centric, industrial assets

✓ UNDERWAY

EOI campaign for the realisation of 100 per cent of MIX units

GUIDANCE

- No FY15 earnings guidance due to EOI campaign which is in progress
- No distributions will be paid pending the outcome of the EOI campaign
- Prudent for the Trust to retain capital to provide adequate funding for both the expected costs associated with the EOI campaign and to continue to actively maintain the Trust's assets through this period

- A RECONCILIATION BETWEEN STATUTORY (LOSS)/PROFIT FOR THE YEAR AND OPERATING PROFIT
- B GEOGRAPHIC & TENANT DIVERSIFICATION AND TOP 10 TENANTS
- C MARKET UPDATE – CHICAGO INDUSTRIAL MARKET

APPENDIX A

RECONCILIATION BETWEEN STATUTORY (LOSS)/PROFIT FOR THE YEAR AND OPERATING PROFIT



ITEM	30 JUN 14 A\$'000	30 JUN 13 A\$'000
(Loss)/Profit attributable to unitholders	(3,556)	3,038
Specific non-cash items		
– Straight-lining of lease revenue	303	(165)
– Net loss on fair value of investment properties	5,012	3,316
– Amortisation expense	1,154	1,049
Significant items		
– Deposit from terminated sale of investment property	—	(143) ¹
– Net loss from sale of investment properties	5,012	154
– Proceeds on lease buy out from tenant	(2,129) ²	—
– Finance cost – debt prepayment premium	2,607 ³	—
Operating profit (profit before specific non-cash and significant items)⁴	8,403	7,249

1 The Trust entered into a conditional sale agreement on 23 February 2012 for the sale of 4527 and 4531 Columbia Avenue, Hammond. The purchaser was unable to obtain finance for settlement. Subsequently the sale was terminated and the non-refundable deposit from this sale was released to the Trust.

2 Relates to the lease buy out proceeds from the Innoware Paper lease at W165 N5830 Ridgewood Drive, Menomonee Falls which was sold in December 2013.

3 Relates to the prepayment premium paid to ING in relation to the sales of the Ridgewood asset and Trust's four non-core assets which were sold in FY14.

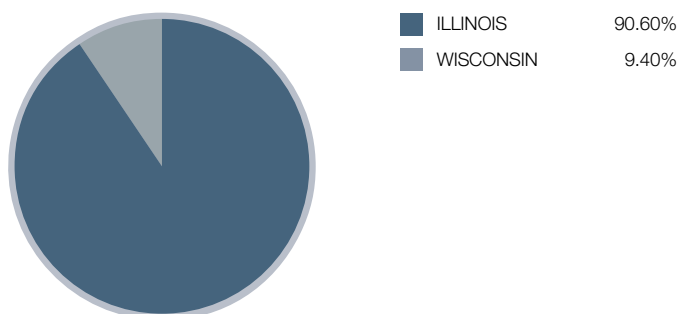
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APPENDIX B

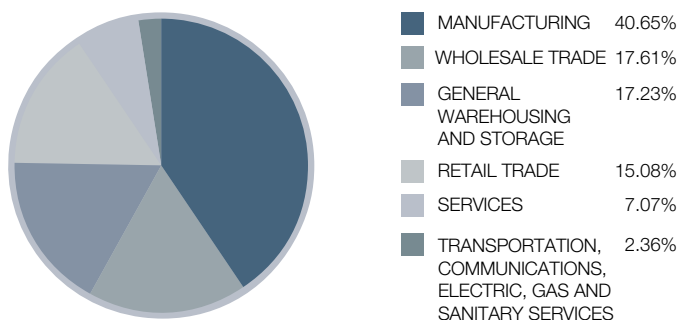
GEOGRAPHIC & TENANT DIVERSIFICATION AND TOP 10 TENANTS AT 30 JUNE 2014



GEOGRAPHIC DIVERSIFICATION BY BOOK VALUE



TENANT DIVERSIFICATION BY GROSS INCOME



TOP 10 TENANTS BY GROSS INCOME

	Income %	Term remaining
Factory Card Outlet	15.08	4.51
APL Logistics	9.14	2.00
Pactiv Corporation	8.57	4.00
Newell Window Furnishings	6.70	4.51
Shiloh Industries, Inc.	4.94	6.01
Superior Mailing	4.92	6.42
Sappi Fine Paper North America	4.77	3.84
GEA Farm Technologies	4.36	2.51
Advertising Resources	3.77	8.76
Nexus	3.77	3.42
	66.02	4.38

APPENDIX C

MARKET UPDATE – CHICAGO INDUSTRIAL MARKET



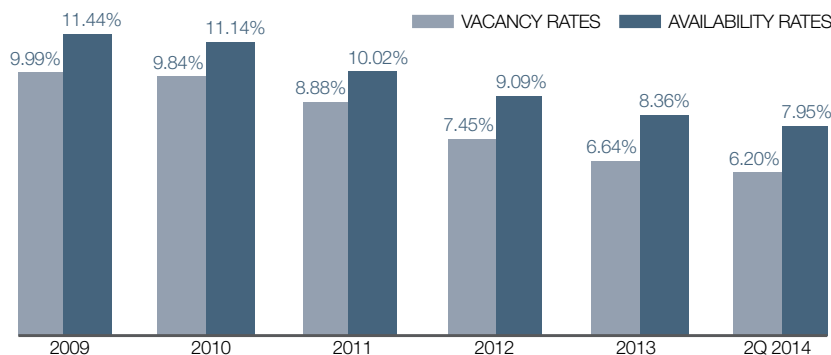
- The Chicago industrial market, which includes Southern Wisconsin and Northwest Indiana, has an inventory of nearly 1.2 billion sqf, which is made up of approximately 65 per cent warehouse, 32 per cent manufacturing and the remainder workspace/service facilities
- At the end of first quarter 2014, Chicago enjoyed one of the country's highest levels of net leasing demand, measuring overall positive absorption in excess of 2.9 million sqf
- The recovery has been the strongest for Class A product and is just starting to begin for Class B product. The market for Class C and D assets still has a long way to rise before returning to peak

- The overall Chicago market vacancy rate for the 1.2 billion sqf market is the lowest ever recorded in Chicago at 6.3 per cent at the end of first quarter 2014¹
- Chicago is just now emerging from the economic downturn with vacancy rates expected to reduce to record lows. The Chicago industrial market is in the early stages of the growth cycle

CBRE ECONOMETRIC ADVISORS RENT GROWTH PROJECTIONS FOR THE CHICAGO INDUSTRIAL MARKET

- Low vacancy, limited speculative construction and high leasing velocity has caused a tremendous increase in market rents, with CBRE Econometric Advisors projecting a rent growth in Chicago of 3.7 per cent on average for the next five years

CHICAGO VACANCY & AVAILABILITY RATES 2009 – Q2 2014



YEAR	RENT GROWTH (%)
2015	2.50
2016	3.40
2017	4.60
2018	4.40
2019	3.50
Average	3.70

¹ Source: CBRE Local Market Report

IMPORTANT INFORMATION



The information in this presentation (“Presentation”) has been prepared by Mirvac Funds Management Limited (ABN 78 067 417 663, AFSL 220718) (“MFML”) in its capacity as the responsible entity of Mirvac Industrial Trust (ARSN 113 489 624) (“MIX”). MFML is the issuer of MIX ordinary units.

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This Presentation also includes certain financial measures which are not prescribed by Australian Accounting Standards (“AAS”) including operating profit and operating earnings. Operating profit is before specific non-cash items and significant items. Its calculation is consistent with MIX’s product disclosure statements. The Directors of MFML consider operating profit to reflect core earnings of MIX and has not been subject to audit or review.

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The information contained in this Presentation is current as at 30 June 2014, unless otherwise noted.

THANK YOU

