



ASX ANNOUNCEMENT

14 February 2013

MIRVAC INDUSTRIAL TRUST HALF YEAR RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2012

Mirvac Industrial Trust ("MIX") is pleased to release its financial results for the half year ended 31 December 2012.

The financial results include:

- > MIX 1H13 Appendix 4D and Half Year Interim Report
- > MIX 1H13 Results Announcement
- > MIX 1H13 Results Presentation
- > MIX 1H13 Investment Portfolio Summary
- > MIX 1H13 US Dollar Financial Information

A management presentation of the results will be webcast live from 2.00pm (Sydney time) at www.mirvac.com.

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Mirvac Limited
ABN 92 003 280 699

Mirvac Funds Limited
ABN 70 002 561 640
AFSL 233121

Mirvac Funds Management Limited
ABN 78 067 417 663
AFSL 220718

Mirvac REIT Management Limited
ABN 70 002 060 228
AFSL 233787

Mirvac Capital Investments Pty Limited
ABN 86 093 644 252

Appendix 4D

Half year report – 31 December 2012

Name of entity:	MIRVAC INDUSTRIAL TRUST
ARSN:	113 489 624

Detail of the reporting period	
Current period:	1 July 2012 - 31 December 2012
Previous corresponding period:	1 July 2011 - 31 December 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET		Up/(Down)	A\$'000
2.1	Revenues from ordinary activities	(9.54%)	14,692
2.2	Profit from ordinary activities after tax attributable to members	144.86%	4,047
2.3	Net profit for the period attributable to members	144.86%	4,047

2.4	Distributions (dividends)	Amount per security	Franked amount per security
	Total distribution	Nil	Nil
	Interim distribution – 31 December 2012	Nil	Nil

2.5	Record date for determining entitlements to the distribution	N/A
2.6	A full explanation of the above figures is documented in Mirvac Industrial Trust's announcement to the market and reviewed half year report for the period ended 31 December 2012.	

		31 Dec 2012	31 Dec 2011
		A\$	A\$
3	Net tangible asset per security attributable to unitholders	0.19	0.18

All other information requiring disclosure to comply with listing rule 4.3A is contained in Mirvac Industrial Trust's announcement to the market and the half year report for the period ended 31 December 2012.

MIRVAC INDUSTRIAL TRUST

Interim Report For the half year ended 31 December 2012

The interim report represents Mirvac Industrial Trust (ARSN 113 489 624) and its controlled entities.

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Mirvac Industrial Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Responsible Entity of Mirvac Industrial Trust is Mirvac Funds Management Limited (ABN 78 067 417 663), a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Mirvac Funds Management Limited
Level 26, 60 Margaret Street
Sydney, NSW 2000

**Mirvac Industrial Trust
Directors' report
31 December 2012**

The Directors of Mirvac Funds Management Limited (ABN 78 067 417 663), the Responsible Entity of Mirvac Industrial Trust (the "Trust") present their report, together with the half year report of the Trust and its controlled entities for the half year ended 31 December 2012.

Responsible Entity

The Responsible Entity of the Trust is Mirvac Funds Management Limited ("MFML"), an entity incorporated in New South Wales. The immediate parent entity of the Responsible Entity is Mirvac Holdings Limited (ABN 39 093 200 965), incorporated in New South Wales and its ultimate parent entity is Mirvac Limited (ABN 92 003 280 699), incorporated in New South Wales.

Directors

The following persons were Directors of the Responsible Entity during the half year and up to the date of this report unless otherwise stated:

Paul Barker (Chairman)
Andrew Butler
Matthew Hardy
Josephine Miller

Principal activities

The principal continuing activity of the Trust is property investment. The Trust operates in one geographical area, the United States of America. There has been no significant changes in principal activities of the Trust during the period.

The Trust did not have any employees during the period.

Distributions

There were no distributions paid or made payable to the unitholders of the Trust during the half year ended 31 December 2012 (December 2011: nil).

Review of operations and activities

The statutory profit after tax attributable to unitholders of the Trust for the half year ended 31 December 2012 was \$4.0m (December 2011: \$9.0m loss). The operating profit (profit before specific non-cash and significant items) was \$4.1m (December 2011: \$3.1m).

Operating profit 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. The following table summarises key reconciling items between the statutory net profit/loss after tax attributable to unitholders and operating profit, and has not been subject to audit or review.

	31 December 2012 \$'000	31 December 2011 \$'000
Profit/(loss) attributable to unitholders	4,047	(9,022)
Specific non-cash items		
Straight-lining of lease revenue	95	(642)
Net (gain)/loss on fair value of investment properties	(518)	1,209
Amortisation	516	884
Significant items		
Net loss on sale of investment properties	-	10,657
Operating profit (profit before specific non-cash and significant items)¹	4,140	3,086

¹ The calculation of the Trust's operating profit (profit before specific non-cash and significant items) is consistent with its Product Disclosure Statement.

Mirvac Industrial Trust

Directors' report

31 December 2012

Review of operations and activities (continued)

Financial and operational highlights

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

- Statutory profit of 1.12 cents per unit (December 2011: loss of 2.49 cents per unit);
- Operating profit of 1.14 cents per unit (profit before specific non-cash and significant items) (December 2011: 0.85 cents per unit);
- Net increase of \$0.5m in revaluations across the investment property portfolio (December 2011: net decrease of \$1.2m);
- Net Tangible Assets ("NTA") per unit remains steady at \$0.19 for the half year ended 31 December 2012.

Key operating summary for the half year ended 31 December 2012 included:

- At 31 December 2012, the portfolio's occupancy increased to 88.6² per cent from 86.7 per cent in the previous corresponding period through a combination of leasing transactions;
- The weighted average lease term remains steady at 4.6² years;
- During the period, the Trust executed eight leases totalling approximately 0.9m square feet of space (0.7m square feet of renewals and 0.2m square feet of new leases);
- Asset revaluations for the six months to 31 December 2012 were relatively stable resulting in the value of the Trust's portfolio increasing to US\$215.4²m (13 of the Trust's 30 assets were independently valued);
- The weighted average capitalisation rate for the portfolio decreased to 8.57² per cent from 8.58 at 30 June 2012.

Outlook

The pace of the recovery of the US economy remains soft yet is generally trending positive, however, the risk of potential economic shocks remain as a consequence of the US fiscal cliff and continued global uncertainty.

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, 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 of space has been absorbed, suggesting that on a vacancy and absorption basis, Chicago's industrial market fundamentals are at pre-recession levels.

The focus has been 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, the Responsible Entity intends to divest the following five non-core assets to realign and establish a core B-grade Chicago centric industrial portfolio:

- 3145 Central Avenue, Waukegan, Illinois³
- 308 South Division Street, Harvard, Illinois
- 900 East 103rd Street, Chicago, Illinois
- 4507 Columbia Avenue, Hammond, Indiana
- 4531 Columbia Avenue, Hammond, Indiana

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.

While the 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.

Subject to the settlement of 3145 Central Avenue, Waukegan³, and no unforeseen events or changes in the prevailing market conditions in the Chicago industrial market for the remainder of the current financial year, the Responsible Entity intends to declare a distribution for the year ending 30 June 2013 of 0.5 cents per unit. Following the sale of any future non-core assets, the Responsible Entity will review opportunities for further distributions on a case by case basis. Further, the Responsible Entity 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.

² Excluding 3145 Central Avenue, Waukegan which was held for sale at 31 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).

Mirvac Industrial Trust
Directors' report
31 December 2012

Value of assets

The Trust's assets are valued in accordance with policies stated in note 1 of the financial statements. The Trust's total assets are as follows:

	31 December 2012 \$'000	30 June 2012 \$'000
Total assets	220,332	227,437

Significant changes in the state of affairs

Significant changes in the state of affairs of the Trust during the period were as follows:

Debt Facilities

(i) *Loan from related party*

On 21 August 2012 the Responsible Entity agreed for its loan with Mirvac Group Finance Limited ("MGFL") to be extended to 30 September 2013 with a facility limit fixed at US\$4.8m. As a result of the extension certain conditions of the MGFL loan agreement were amended. These include:

- A payment of US\$2.0m to be made on 21 August 2012 (US time);
- Amortisation and net proceeds from sales requirements waived; and
- Redraw capability upon meeting lender criteria.

During the period the Trust has made US\$4.8m of repayments towards the MGFL loan. The balance at 31 December 2012 was nil. Further details on the borrowings of the Trust can be found in note 6 and details on investment properties relating to the borrowings can be found in note 5.

Net current liability position

As at 31 December 2012 the Trust is in a net current liability position of \$0.8m. Included in current liabilities are real estate taxes of \$7.9m that will be paid as and when they fall due over the 12 months. The Directors of the Responsible Entity have reviewed the cash flow forecasts of the Trust and expect that the Trust will have sufficient cash flows to meet obligations as and when they fall due.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Trust that occurred during the half year under review.

Matters subsequent to the half year ended 31 December 2012

No matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect the:

- (a) Trust's operations in future years; or
- (b) results of those operations in future years; or
- (c) Trust's state of affairs in future years.

Auditor's independence declaration

A copy of the auditor's independence declaration required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

**Mirvac Industrial Trust
Directors' report
31 December 2012**

Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Paul Barker
Chairman

Sydney
14 February 2013



Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Industrial Trust for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mirvac Industrial Trust and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Reilly' in a cursive script.

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
14 February 2013

Mirvac Industrial Trust
Consolidated statement of comprehensive income
For the half year ended 31 December 2012

	31 December 2012 \$'000	31 December 2011 \$'000
	Note	
Revenue from continuing operations		
Investment properties rental revenue	14,169	16,216
Interest revenue	5	26
Total revenue from continuing operations	14,174	16,242
Other income		-
Net gain on fair value of investment properties	518	-
Total other income	518	-
Total revenue from continuing operations and other income	14,692	16,242
Investment properties expenses	(5,082)	(6,276)
Net loss on sale of investment properties	-	(10,657)
Net loss on fair value of investment properties	-	(1,209)
Finance costs	(3,269)	(4,348)
Management fees	(549)	(636)
Other expenses	(1,562)	(2,083)
Profit/(loss) before income tax	4,230	(8,967)
Withholding tax	(183)	(55)
Profit/(loss) for the half year	4,047	(9,022)
Profit/(loss) for the half year is attributable to:		
Unitholders of Mirvac Industrial Trust	4,047	(9,022)
Other comprehensive income for the half year		
Items that may be reclassified to profit or loss		
Exchange difference on translation of foreign operations	8	4,003
Total comprehensive income for the half year	2,799	(5,019)
Total comprehensive income for the half year is attributable to:		
Unitholders of Mirvac Industrial Trust	2,799	(5,019)
		(5,019)
Basic profit/(loss) per unit (cents)	9	(2.49)
Diluted profit/(loss) per unit (cents)	9	(2.49)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Mirvac Industrial Trust
Consolidated statement of financial position
At 31 December 2012

	Note	31 December 2012 \$'000	30 June 2012 \$'000
Current assets			
Cash and cash equivalents	10	9,116	11,817
Receivables		1,096	1,228
Other assets		210	1,772
		10,422	14,817
Assets classified as held for sale	4	2,456	2,502
Total current assets		12,878	17,319
Non-current assets			
Investment properties	5	207,454	210,118
Total non-current assets		207,454	210,118
Total assets		220,332	227,437
Current liabilities			
Payables		10,995	10,763
Borrowings	6	2,700	7,795
Total current liabilities		13,695	18,558
Non-current liabilities			
Borrowings	6	136,150	141,191
Total non-current liabilities		136,150	141,191
Total liabilities		149,845	159,749
Net assets		70,487	67,688
Equity			
Contributed equity	7	341,544	341,544
Reserves	8	(23,572)	(22,324)
Undistributed loss	8	(247,485)	(251,532)
Total equity		70,487	67,688

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Mirvac Industrial Trust
Consolidated statement of changes in equity
For the half year ended 31 December 2012

	Note	Attributable to unitholders Mirvac Industrial Trust			Total \$'000
		Contributed equity \$'000	Reserves \$'000	Undistributed loss \$'000	
Balance 1 July 2012		341,544	(22,324)	(251,532)	67,688
Net profit for the half year		-	-	4,047	4,047
Exchange differences on translation of foreign operations	8	-	(1,248)	-	(1,248)
Total comprehensive income for the half year		-	(1,248)	4,047	2,799
Total transactions with unitholders in their capacity as unitholders		-	-	-	-
Balance 31 December 2012		341,544	(23,572)	(247,485)	70,487
Balance 1 July 2011		341,544	(26,136)	(243,752)	71,656
Net loss for the half year		-	-	(9,022)	(9,022)
Exchange differences on translation of foreign operations		-	4,003	-	4,003
Total comprehensive income for the half year		-	4,003	(9,022)	(5,019)
Total transactions with unitholders in their capacity as unitholders		-	-	-	-
Balance 31 December 2011		341,544	(22,133)	(252,774)	66,637

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Mirvac Industrial Trust
Consolidated statement of cash flows
For the half year ended 31 December 2012

	Note	31 December 2012 \$'000	31 December 2011 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		14,611	14,770
Payments to suppliers (inclusive of GST)		(6,872)	(11,030)
		7,739	3,740
Withholding tax paid		(66)	(55)
Interest received		5	26
Finance costs paid		(3,275)	(4,647)
Net cash inflows/(outflows) from operating activities	10(b)	4,403	(936)
Cash flows from investing activities			
Capital expenditures on investment properties		(786)	(905)
Proceeds from sale of investment properties		-	56,521
Net cash (outflows)/inflows from investing activities		(786)	55,616
Cash flows from financing activities			
Proceeds from borrowings		-	66,932
Repayments of borrowings		(6,118)	(131,107)
Net cash outflows from financing activities		(6,118)	(64,175)
Net decrease in cash and cash equivalents		(2,501)	(9,495)
Cash and cash equivalents at the beginning of the financial period		11,817	21,134
Effects of exchange rate changes on cash and cash equivalents		(200)	1,140
Cash and cash equivalents at the end of the half year	10(a)	9,116	12,779

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

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Mirvac Industrial Trust

Notes to the consolidated financial statements

For the half year ended 31 December 2012

1 Summary of significant accounting policies

This condensed consolidated interim report for the half year reporting period ended 31 December 2012 has been prepared in accordance with the Trust's Constitution, Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial statements of the Trust consist of the consolidated financial statements of Mirvac Industrial Trust and its controlled entities.

This condensed consolidated interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Mirvac Industrial Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Net current liability position

As at 31 December 2012 the Trust is in a net current liability position of \$0.8m. Included in current liabilities are real estate taxes of \$7.9m that will be paid as and when they fall due over the 12 months. The Directors of the Responsible Entity have reviewed the cash flow forecasts of the Trust and expect that the Trust will have sufficient cash flows to meet obligations as and when they fall due.

2 Critical accounting estimates and judgements

Judgements and estimates are continually evaluated, based on historical experience and other factors, including expectations of future events that may have a financial impact and are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

In preparing the financial statements, the Trust is required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next 12 months:

(i) *Valuation of investment properties*

The Trust uses judgement in respect of the fair values of investment properties. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The carrying value at the end of the reporting period for investment properties is \$207m (June 2012: \$210m). Details on investment properties are provided in note 5.

The fair value of our investment properties in the United States of America have been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the end of the reporting period, the current uncertainty in this market means that if investment property is sold in the future, the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

3 Segmental information

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. With the exception of derivatives held by the parent entity in Australia, the Trust operates solely within the United States of America industrial property investment industry and consequently the financial report reflects the operations of this segment alone.

Segment results are now reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM that makes strategic decisions for the Trust has been identified as the Board of Directors of Mirvac Funds Management Limited as they are responsible for the strategic decision making for the Trust. Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and significant items which management considers to reflect the core earnings of the Trust.

Operating profit is considered a key indicator of analysis when evaluating the Trust's ability to pay distributions to unitholders.

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

4 Assets classified as held for sale

Property	Date Acquired	31 December 2012 \$'000	30 June 2012 \$'000
3145 Central Avenue, Waukegan	Jul 2005	2,456	2,502
		2,456	2,502

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

5 Investment properties

Property	Note	Date of acquisition	Book value		Cap rate 30 June 2012 (%)	31 December 2012 (%)	Discount rate 30 June 2012 (%)	Date of last external valuation	Last external valuation \$'000
			31 December 2012 \$'000	30 June 2012 \$'000					
2727 West Diehl Road, Naperville	i	May 2005	23,209	22,176	8.00%	8.25%	9.00%	Dec 2012	23,209
6510 West 73rd Street, Bedford Park	i	May 2005	8,282	8,144	8.75%	8.75%	10.00%	Dec 2011	7,993
800-850 Regency Drive, Glendale Heights	i	May 2005	3,563	3,434	8.50%	8.50%	9.50%	Jun 2012	3,371
W165 N5830 Ridgewood Drive, Menomonee Falls	i	May 2005	15,119	14,817	8.25%	8.75%	9.50%	Dec 2012	15,119
1445-1645 Greenleaf Avenue, Elk Grove Village	i	May 2005	4,478	4,906	9.00%	8.00%	9.50%	Dec 2012	4,478
308 South Division Street, Harvard	i	May 2005	21,629	22,176	9.50%	9.50%	11.00%	Jun 2012	21,764
900 East 103rd Street, Chicago	i	Jul 2005	5,778	6,374	9.00%	9.00%	11.50%	Jun 2012	6,256
7200 South Mason Avenue, Bedford Park	i	Jul 2005	7,704	7,654	8.25%	8.25%	9.50%	Dec 2011	7,415
28160-70 North Keith Drive, Lake Forest	i	Jul 2005	3,082	3,434	8.25%	8.50%	10.00%	Dec 2012	3,082
3602 North Kennicott Avenue, Arlington Heights	i	Jul 2005	5,489	5,152	8.25%	8.25%	9.75%	Dec 2012	5,489
1020 Frontenac Road, Naperville	ii	Nov 2005	3,371	3,464	8.25%	8.25%	9.50%	Jun 2012	3,399
8200 100th Street, Pleasant Prairie	ii	Nov 2005	6,645	6,378	8.25%	7.50%	9.00%	Jun 2012	6,260
13040 South Pulaski Avenue, Alsip	ii	Nov 2005	7,223	7,330	8.75%	8.75%	10.25%	Jun 2012	7,194
1850 Greenleaf Avenue, Elk Grove Village	ii	Nov 2005	1,830	2,087	8.25%	8.00%	9.50%	Dec 2012	1,830
6751-55 South Sayre Avenue, Bedford Park	ii	Nov 2005	6,837	6,967	8.50%	8.50%	9.75%	Jun 2012	6,837
1796 Sherwin Avenue, Des Plaines	ii	Nov 2005	3,948	4,023	8.25%	8.25%	9.00%	Jun 2012	3,948
6000 West 73rd Street, Bedford Park	ii	Nov 2005	4,334	5,103	8.00%	8.25%	9.50%	Dec 2012	4,334
8100 100th Street, Pleasant Prairie	ii	Nov 2005	1,974	1,963	8.25%	7.50%	9.00%	Dec 2012	1,974
5110 South 6th Street, Milwaukee	ii	Nov 2005	2,080	2,061	8.75%	8.75%	10.00%	Jun 2012	2,022
525 West Marquette Avenue, Oak Creek	ii	Nov 2005	3,852	4,023	8.75%	8.75%	10.00%	Dec 2011	4,237
1750 South Lincoln Drive, Freeport	ii	Nov 2005	8,860	9,322	10.00%	9.25%	10.50%	Dec 2012	8,860
6600 River Road, Hodgkins	ii	Feb 2006	15,312	15,504	8.25%	8.25%	9.75%	Dec 2012	15,312
5990 West Touhy, Niles	ii	Feb 2006	11,075	11,284	9.00%	8.75%	10.00%	Jun 2012	11,075
3849-3865 Swanson Court	ii	Feb 2006	2,889	2,902	8.75%	8.75%	10.25%	Jun 2012	2,848
11601 South Central Avenue, Alsip	ii	Feb 2006	6,356	6,574	7.50%	8.00%	9.00%	Dec 2012	6,356

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

5 Investment properties (continued)

Property	Note	Date of acquisition	31 December 2012		Book value		Cap rate		Discount rate		Date of last external valuation	Last external valuation \$'000
			\$'000	\$'000	31 December 2012	30 June 2012	31 December 2012 (%)	30 June 2012 (%)	31 December 2012 (%)	30 June 2012 (%)		
6558 West 73rd Street, Bedford Park	ii	Feb 2006	7,800	8,538	8.25%	8.25%	9.00%	9.50%	9.50%	9.50%	Jun 2012	8,378
1880 Country Farm Drive, Naperville	ii	Jul 2007	6,452	6,575	7.50%	7.75%	9.25%	9.25%	9.25%	9.25%	Dec 2012	6,452
4527 Columbia, Hammond	iii	Feb 2006	4,430	4,318	9.50%	9.50%	12.00%	12.00%	12.00%	12.00%	Jun 2012	4,237
4531 Columbia, Hammond	iii	Feb 2006	3,853	3,435	10.00%	10.00%	12.00%	12.25%	12.25%	12.25%	Dec 2012	3,853
Total			207,454	210,118								

i These investment properties totalling \$98.3m are secured against the fixed debt facility totalling \$59.4m (refer to note 6).

ii These investment properties totalling \$100.8m are secured against the fixed debt facility totalling \$72.8m (refer to note 6).

iii These investment properties totalling \$8.3m are secured against the fixed debt facility totalling \$7.6m (refer to note 6).

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

5 Investment properties (continued)

(a) Valuations basis

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in the consolidated statement of comprehensive income in the period. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management. Valuation methods used to determine the fair value of investment properties include market sales comparison, discount cash flow ("DCF") and capitalisation rate ("cap rate"). The fair value for a property may be determined by the Trust using a combination of these and other valuation methods.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, consumer price index rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. The terminal value is determined by using an appropriate terminal cap rate. The Trust's terminal cap rates are in the range of an additional 25 to 100 basis points above the respective property's cap rate.

Cap rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate cap rate. The cap rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments including incentives, capital expenditure, and reversions to market rent are made to arrive at the property value.

(b) Reconciliation of carrying amount of investment properties

	31 December	30 June
	2012	2012
	\$'000	\$'000
Balance 1 July	210,118	354,222
Additions	852	2,306
Disposals	-	(160,485)
Net gain/(loss) from fair value of investment properties	518	(2,938)
Transfer of investment properties to assets classified as held for sale	-	(2,502)
Lease incentives	267	385
Amortisation of lease incentives	(299)	(468)
Straight-lining of lease revenue	(95)	596
Foreign currency translation (loss)/gain	(3,907)	19,002
Balance 31 December/30 June	207,454	210,118

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

6 Borrowings

	31 December 2012 \$'000	30 June 2012 \$'000
Current liabilities - Borrowings		
<i>Secured loans</i>		
Loans from financial institution	3,094	3,085
Loans from related parties	-	4,710
Financing fees	(394)	-
Total current liabilities	2,700	7,795
Non-current liabilities - Borrowings		
<i>Secured loans</i>		
Loans from financial institution	136,762	140,946
<i>Unsecured loans</i>		
Other borrowings	241	245
Financing fees	(853)	-
Total non-current liabilities	136,150	141,191
Total borrowings	138,850	148,986

Details of Property Secured Loans:

Instrument	Principal US Dollar \$'000	Maturity	Interest Rate	31 December 2012 Principal Australian Dollar ¹ \$'000	31 December 2012 Collateral value Australian Dollar ¹ \$'000
Fixed debt	61,697	1 March 2016 ²	4.3%	59,415	98,333
Fixed debt	75,620	1 March 2016 ³	4.5%	72,824	100,838
Fixed debt	7,910	1 March 2016 ³	4.5%	7,617	8,283
Floating debt	-	30 September 2013 ⁴	-	-	-
Total debt	145,227			139,856	207,454
Other borrowings	250			241	-
Financing fees	(1,295)			(1,247)	-
Total Borrowings	144,182			138,850	207,454

1 Principal has been converted at the 31 December 2012 AUD/USD exchange rate of 1.0384.

2 This facility matures 1 March 2031 with the first call date at 1 March 2016.

3 These facilities mature 1 March 2041 with the first call date at 1 March 2016.

4 This facility is re-drawable subject to conditions. The total of this facility is \$4.6m (US\$4.8m) at 31 December 2012 with a line fee of 3.75% (loan from related party).

(a) Assets pledged as security

The debt facilities of the controlled entities of the Trust - namely CJF1 LLC, CJF2 LLC and CJF3 LLC - are secured by first mortgages over the assets owned by the respective controlled entity. These debt facilities are also cross-collateralised. The carrying amounts of the assets pledged as security are as follows:

	31 December 2012 \$'000	30 June 2012 \$'000
Investment properties	207,454	210,118
Total assets pledged as security	207,454	210,118

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

6 Borrowings (continued)

(b) Financial guarantees

The Responsible Entity in its capacity as Responsible Entity of the parent entity, as well as the controlled entities of the Trust, Mirvac US Industrial Property Trust and Mirvac Chicago Industrial LLC have provided a guarantee to Mirvac Group Finance Limited to guarantee the obligations due under the loan agreement between the borrower Mirvac US Industrial Property Fund, Inc (a controlled entity of the Trust) and the lender Mirvac Group Finance Limited.

The Responsible Entity in its capacity as Responsible Entity of the parent entity and its controlled entities (Mirvac US Industrial Property Trust and Mirvac Chicago Industrial LLC) are parties to a deed of cross indemnity under which each company guarantees to indemnify each other should the above guarantee be enforced by the lender.

7 Contributed equity

	31 December 2012 Units '000	30 June 2012 Units '000	31 December 2012 \$'000	30 June 2012 \$'000
Total contributed equity	362,457	362,457	341,544	341,544

(a) Ordinary units

All ordinary units are fully paid at 31 December 2012. Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amount paid on the units held. On a show of hands every holder of ordinary units present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

(b) Capital risk management

The Trust's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for unitholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to unitholders, return capital to unitholders or sell assets to reduce debt. Consistent with others in the industry, the Trust monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets.

	31 December 2012 \$'000	30 June 2012 \$'000
Total borrowings	138,850	148,986
Total assets	220,332	227,437
Gearing ratio	63.02%	65.51%

8 Reserves and undistributed loss

	31 December 2012 \$'000	30 June 2012 \$'000
Reserves		
<i>Foreign currency translation reserve</i>		
Balance at the beginning of the financial period	(22,324)	(26,136)
Currency translation differences	(1,248)	3,812
Total reserves	(23,572)	(22,324)
Undistributed income		
Undistributed income at the beginning of the financial period	(251,532)	(243,752)
Net profit/(loss) attributable to unitholders	4,047	(7,780)
Total undistributed income	(247,485)	(251,532)

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

9 Earnings/(loss) per unit

	31 December 2012	31 December 2011
Basic earnings/(loss) per unit (cents)	1.12	(2.49)
Diluted earnings/(loss) per unit (cents)	1.12	(2.49)
Weighted average number of units outstanding during the financial period used in calculation of basic earnings per unit ('000)	362,457	362,457
Weighted average number of units outstanding during the financial period used in calculation of diluted earnings per unit ('000)	362,457	362,457

10 Notes to the consolidated statement of cash flows

(a) Reconciliation of cash

Cash at the end of the half year as shown in the consolidated statement of cash flows is the same as the consolidated statement of financial position, the detail of which follows:

	31 December 2012 \$'000	30 June 2012 \$'000
Cash at bank	4,115	7,587
Restricted cash	5,001	4,230
Cash and cash equivalents	9,116	11,817

The cash balance above includes restricted cash totalling \$5,000,611 (June 2012: \$4,230,420). The restricted cash relates to cash of CJF1 LLC, CJF2 LLC and CJF3 LLC (controlled entities of the Trust) that is available for capital expenditure upon approval of the lender.

(b) Reconciliation of loss attributable to unitholders to net cash inflows from operating activities

	31 December 2012 \$'000	31 December 2011 \$'000
Net gain/(loss)	4,047	(9,022)
Straight-line of lease revenue	95	(642)
Net (gain)/loss on fair value of investment properties	(518)	1,209
Amortisation	516	884
Net loss on sale of investment properties	-	10,657
<i>Change in operating assets and liabilities, net of effect of CJF4 settlement</i>		
(Decrease)/increase in trade debtors and prepayments	(447)	44
Increase/(decrease) in trade creditors and payables	232	(2,682)
Net foreign exchange differences	478	(1,384)
Net cash inflow/(outflow) from operating activities	4,403	(936)

* During the comparative period, in addition to the properties transferred, the Trust also lost control of certain related assets of US\$1.5m and settled certain liabilities of US\$7.6m as well as incurring selling costs of US\$2.2m. Overall, the transaction resulted in a loss to the Trust of \$10.0m (US\$10.5m) in the comparative period.

11 Contingent liabilities and contingent assets

The following guarantees have been given by the Trust or its controlled entities:

- A controlled entity of the Trust, Mirvac Chicago Industrial LLC has provided a guarantee to JP Morgan Chase to guarantee the obligations due under the forward foreign exchange contracts entered into by the Mirvac Industrial Trust. The amounts due under the guarantee are limited to the amount otherwise distributable by Mirvac Chicago Industrial LLC to Mirvac US Industrial Property Trust. During the prior year, the Trust entered into new foreign exchange contracts to net off existing contracts such that no further asset or liability will be carried going forward.

No material claims are anticipated in respect of the above guarantee and the Trust had no other contingent liabilities and no contingent assets at 31 December 2012.

Mirvac Industrial Trust
Notes to the consolidated financial statements
For the half year ended 31 December 2012

12 Commitments

There are no capital commitments at 31 December 2012 (December 2011: nil).

13 Events occurring after the reporting period

No matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect the:

- (a) Trust's operations in future years; or
- (b) results of those operations in future years; or
- (c) Trust's state of affairs in future years.

Mirvac Industrial Trust
Directors' declaration
For the half year ended 31 December 2012

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position at 31 December 2012 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Paul Barker
Chairman

Sydney
14 February 2013



Independent auditor's review report to the unit holders of Mirvac Industrial Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mirvac Industrial Trust, which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Mirvac Industrial Trust Group (the consolidated entity). The consolidated entity comprises both Mirvac Industrial Trust (the Trust) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Mirvac Funds Management Limited (the responsible entity of the Trust) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mirvac Industrial Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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***Independent auditor's review report to the unit holders of Mirvac Industrial Trust
(Continued)***

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mirvac Industrial Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Reilly'.

Jane Reilly
Partner

Sydney
14 February 2013