

Half-year review 31 December 2008

Mirvac Industrial Trust

The past 12 months has been a challenging period for real estate investment trusts, in particular those operating in the United States.

The US economy, in recession since December 2007, continues to see negative news flow. Rising unemployment, cuts to business expenditure, falling exports and deteriorating wealth levels are restraining prospects of a quick recovery.

Transaction volumes of US industrial assets diminished during the half year ended 31 December 2008 due to the lack of availability of debt financing and the disconnect between buyer and seller expectations. Valuations are likely to be impacted by further softening in capitalisation rates and declining rental growth during 2009.

There has been a significant slowdown in tenant enquiry due to the deterioration in the key drivers of demand for industrial space, including increased store closures, a drop in consumer demand, and declining imports. Coupled with significantly increased incentives being offered by landlords to secure tenants, the near to medium term leasing environment is expected to be testing.

Key financial statistics

Six months to 31 December	2008	2007
Total assets (\$'000)	842,194	848,678
Unitholder equity (\$'000)	252,078	334,629
Total income (\$'000)	44,505	45,963
Operating earnings (\$'000)	10,924	14,382
Operating earnings (cpu)	3.01	3.89
Operating earnings + realised profit/losses ¹ (cpu)	2.60	3.99
Distribution (cpu)	2.50	4.875
Net tangible assets per unit (\$)	0.66	0.86
Closing market price (\$)	0.125	0.70
Market capitalisation (\$'000)	45,307	258,757
Number of units on issue ('000)	362,457	369,653

The Trust's interim financial report dated 31 December 2008 is available from the Trust's website at www.mirvac.com/mix.

¹ Excludes non-cash AIFRS adjustments.

The assets that were independently revalued during the period are summarised in the table below:

Submarket	No of assets revalued	Total independent valuation 31 Dec 08 (US\$m)	Total book value 30 Jun 08 (US\$m)	Variance (US\$m)
City South	1	11.5	12.7	(1.3)
Far Southwest Suburbs	1	5.8	7.4	(1.6)
Farwest Suburbs	1	10.2	11.7	(1.5)
Joliet Area	1	46.4	50.7	(4.3)
Lake County	3	10.9	12.2	(1.3)
McHenry County	2	36.0	42.6	(6.6)
Milwaukee	5	44.0	47.6	(3.6)
Near West Suburbs	1	9.4	10.7	(1.3)
North Kane County	1	7.9	9.4	(1.5)
Northwest Cook County	2	10.1	12.1	(2.0)
O'Hare	4	21.1	25.1	(4.0)
Southwest suburbs	2	16.0	18.0	(2.0)
West suburbs	2	10.1	12.3	(2.2)
Total	26	239.3	272.5	(33.2)

Details on the Trust's investment portfolio are available from the Trust's website at www.mirvac.com/mix.

Sales

The portfolio was strengthened during the half year ended 31 December 2008 through the divestment of four non-core asset sales including 2801 Busse Road, 920 Frontenac Road, 2003 South 114th Street and 2727 West Deihl Road (land only). The assets had a combined occupancy of 36.8 per cent.

Post 31 December 2008, the Trust exchanged contracts to sell 3511 West Green Tree Road, Milwaukee at a price in line with book value. This sale will reduce the vacancy rate by 0.4 per cent and removes a material expiry risk, Goosen Corporation, from the portfolio.

A summary of the sales that have been completed are summarised in the table below:

Asset	Sale price US\$m	Book value US\$m	Sale costs US\$m	Profit/(Loss) US\$m
Pre 31 December 2008				
2801 Busse Road, Elk Grove Village	20.20	20.20	1.47 ¹	(1.47)
920 Frontenac Road, Naperville	4.20	4.18	(0.18) ²	0.20
2003 S. 114th Street, West Allis	8.55	7.80	1.08 ³	(0.33)
Land, 2727 W. Diehl Road, Naperville	2.20	0.74	0.62 ⁴	0.84
Post 31 December 2008				
3511 West Green Tree Road, Milwaukee	4.26	4.26	0.71 ⁵	(0.71)

¹ Includes US\$0.98 million for debt prepayment costs and US\$0.43 million for capital gains tax (FIRPTA).

² Includes US\$0.38 million for capital gains tax (FIRPTA) benefit.

³ Includes US\$0.67 million for debt prepayment costs.

⁴ Includes US\$0.43 million for capital gains tax (FIRPTA).

⁵ Includes US\$0.42 million for debt prepayment costs.

Leasing and occupancy

During the half year ended 31 December 2008, the Trust executed leases totalling 473,300 square feet (43,987 square metres) across seven of its Chicago-based industrial portfolio assets, representing 3.5 per cent of the Trust's portfolio by area.

Post 31 December 2008 the Trust successfully executed 755,692 square feet (70,232 square metres) of leasing transactions (5.5 per cent of portfolio) reducing FY09 expiries to 14.7 per cent¹.

This was primarily the result of the four year lease renewal to Newell Rubbermaid, the tenant of 1750 South Lincoln Drive, Freeport.

The new leasing transaction also increased the weighted average lease expiry profile, to 3.8 years² and removed significant risk from the Trust's future earnings.

Further, the Trust has agreed terms on 0.6 million square feet of new leases and renewals which will further reduce portfolio vacancy and expiry risk on execution.

¹ As at 17 February 2009. Includes month to month license agreements.

² Weighted by income.

The Trust's vacancy rate has increased to 14.5 per cent due certain tenants, specifically Coleman Cable (3145 Central Ave, IL), Russell Corporation (24700 Corporate Circle, WI), and SCA Tissue North America (13040 South Pulaski Ave, IL) vacating post 31 December 2008. The majority of these expires were anticipated and reflected in the Trust's budget assumptions.

There has been a significant slowdown in tenant enquiry due to the deterioration in the key drivers of demand for industrial space, including increased store closures, decline in consumer demand, and a slowdown in global demand for US manufactured goods.

Coupled with significantly increased incentives being offered by landlords, the near to medium term leasing environment is expected to be testing.

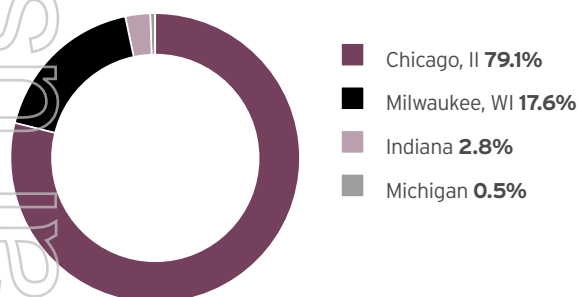
Chicago's industrial vacancy rate has increased to 10.32 per cent at 31 December 2008, an increase of 46 basis points on the previous quarter and 174 basis points on the previous corresponding period. The Chicago vacancy rate has now increased five consecutive quarters from 8.49 per cent as at 30 September 2007 to the current 10.32 per cent¹. This trend is expected to continue as speculative oversupply in certain submarkets is slowly absorbed.

¹ CB&K Chicago Industrial Statistics.

Sector diversification (by book value)

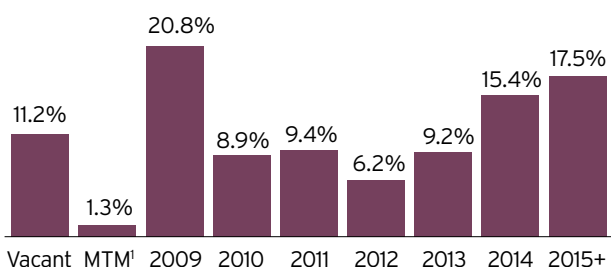
The Portfolio contains 99 tenants spread across four markets and 19 sub-markets.

Geographic diversification



Lease expiry profile

The Trust's lease expiry profile as at 31 December 2008 is illustrated by the following:



¹ Month to month license agreements.

Top tenants

The top 10 tenants summarised in the table below, 38.7 per cent of the Trust's gross income.

Tenant	% of total portfolio's gross income
Truserv Corporation	5.7
DSC Logistics	5.6
Rockwell Automation	4.5
APL Logistics	4.4
Factory Card Outlet	4.1
Innoware Corporation	3.2
California Cartage Co	3.1
Newell Window Furnishings	3.0
City of Chicago	2.7
Nexus	2.4
Total % of portfolio income	38.7

Information on the Trust's investment portfolio is available from the Trust's website at www.mirvac.com/mix.

Debt management

The Trust has no financial debt covenants on approximately 97 per cent of its debt facilities¹.

At 31 December 2008 the Trust's gearing was 62.4 per cent with a weighted average cost of 5.49 per cent and weighted average remaining term of 2.4 years – a strong position in the current volatile credit market. The Trust has no imminent financing risk with the first CMBS debt expiry occurring in August 2010.

A foreign currency hedging program protects 100 per cent of the Trust's income until 30 June 2010. As at 31 December 2008, the average hedge rate was \$0.7549.

The Trust does not have a capital hedge, however, 100 per cent of the Trust's debt facilities are US\$ denominated, protecting a significant portion of the Trust's capital from foreign currency exposure. The recent weakness in the A\$/US\$ exchange rate has been beneficial to the Trust's NTA.

¹ Hammond debt of US\$9.9 million (2.7 per cent of total debt) has a debt service coverage ratio financial covenant of 1.45 times – currently 2.02 times.



Successful acquisition of JV partner's interest

On 11 February 2009, Mirvac Funds Management Limited (MFML) as responsible entity of Mirvac Industrial Trust (MIX or the Trust) acquired CenterPoint Properties Trust's (CenterPoint) 5 per cent interest (Interest) in CenterPoint Mirvac LLC (the Joint Venture) for US\$13.6 million, before costs. The acquisition of CenterPoint's Interest is in accordance with the terms set out in the Joint Venture Agreement with the price reflecting CenterPoint's initial equity contributions into the Joint Venture.

The acquisition of CenterPoint's Interest was wholly funded via an unsecured US dollar loan provided by Mirvac on an arm's length basis. The initial loan term is for 12 months.

The Trust now owns 100 per cent of the Joint Venture which will allow management more flexibility to continue to pursue strategic initiatives to maximise value for Investors in a timely manner.

As a consequence of the Trust's acquisition of CenterPoint's Interest in the Joint Venture, NAI Hiffman (NAI) has been appointed to provide the asset and property management services for the Trust.

NAI's costs for providing base asset management services are similar to those charged by CenterPoint and are collectively no higher than those charged under the previous agreement with CenterPoint.

Going forward

Distributions

Distribution for the 31 December 2008 half year is 2.50 cents per unit.

Strategy

Mirvac Funds Management Limited (MFML) engaged J.P. Morgan Australia Limited (J.P. Morgan) and BG Capital Corporation Limited (BG Capital) as joint financial advisors to review strategic options for the Trust.

As a result of the review, MFML has resolved to proceed to a formal expressions of interest campaign in connection with the realisation of the Trust's entire portfolio. The acquisition of CNT's Interest means MFML may pursue its preferred strategy without the risk of the Joint Venture structure creating uncertainty for potential acquirers.

The expressions of interest campaign is expected to run for approximately four to six weeks.

Both J.P. Morgan and BG Capital have considerable knowledge of the Trust, having acted as co-financial advisors for the initial IPO in April 2005 and the subsequent entitlement offer in May 2006.

Investor information

Ongoing communication

Investors will continue to receive quarterly updates on the Trust, providing they have elected to do so. Ongoing communication and information relating to the Trust, will be updated via the Trust's new website at www.mirvac.com/mix and may be accessed at any time. Investors may also log in to the Investor Information area to access a wide variety of holding information, make some changes to their holding details online or download forms.

Once logged in, Investors can:

- > check holding balances;
- > access security prices;
- > change address details;
- > enter/update email addresses;
- > enter/amend TFN, ABN and exemption details;
- > provide/amend direct credit/bank instructions; and
- > consolidate holdings.

The new website also contains general information on the Trust, such as property portfolio details, distribution information, news and reports. A hard copy of information available on the website will also be provided to Investors on request.

Complaints

Mirvac Funds Management Limited (MFML) has an established policy for dealing with complaints. Investors wishing to complain should write to:

Mirvac Investment Trust
C/- Link Market Services
680 George Street
Sydney NSW 2000

OR

Manager, Investor Relations
Mirvac Investment Management
Level 26, 60 Margaret Street
Sydney NSW 2000

MFML is a member of an independent dispute resolution, the Financial Ombudsman Service (FOS).

Privacy

The responsible entity collects personal information to enable us to tailor our service to the needs of our customers. We only collect personal information directly from customers, for example through application or enquiry forms, letters and visits to our website or our office. If Investors discover that personal information we hold is inaccurate, incomplete or out-of-date, or if they no longer wish to receive material from the responsible entity, they should contact our Privacy Officer on the numbers listed below.

Registered office and postal address

Level 26, 60 Margaret Street
Sydney NSW 2000
Telephone: +61 2 9080 8000
Facsimile: +61 2 9080 8174

Unit registry

Link Market Services
Locked Bag A14
Sydney South NSW 1235
Telephone: 1300 855 080
Web: www.linkmarketservices.com.au

Investor enquiries

Telephone: 1300 363 917

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