

21 September 2009

ASX Code : MIF

Protect your investment in MacarthurCook Industrial Property Fund

MACARTHURCOOK FUND MANAGEMENT LIMITED (**MACARTHURCOOK**) IS COMMITTED TO ITS ROLE AS RESPONSIBLE ENTITY OF YOUR FUND AND TO MANAGING YOUR FUND TO ACHIEVE THE BEST OUTCOME FOR UNITHOLDERS

MacarthurCook would like to clarify comments made by Real Estate Capital Partners No 2 Pty Ltd (**Recap**)/Real Estate Capital Partners Managed Investments Limited (**RecapMIL**), in recent brochures sent to unitholders.

It is often easy to quote things out of context. For that reason, and before addressing Recap and RecapMIL comments in detail, we consider it important to make clear the following:

1. Approach by Recap to AIMS

As previously disclosed to unitholders, AIMS recently acquired MacarthurCook Limited (the parent company of MacarthurCook). Prior to completion of this acquisition Recap approached AIMS, to discuss the future of the Fund.

However, AIMS is **NOT** the responsible entity of your Fund. For this reason, AIMS considered that the approach by Recap was inappropriate and AIMS was therefore unwilling to enter into any discussions with Recap about your Fund. It is for this reason that Recap's proposals were rejected by AIMS.

2. Recap's investment in the Fund

Recap has made much of the fact that as an investor in the Fund, Recap's interests are aligned with the interests of all other unitholders in the Fund.

MacarthurCook and a range of entities for which it is the responsible entity are also significant investors in the Fund and as such, its interests are also aligned with the interests of unitholders.

While MacarthurCook is responsible for some of these investments on behalf of investors in other managed investment schemes, MacarthurCook takes its duties to unitholders in all of its funds very seriously. MacarthurCook is therefore committed to ensuring that this Fund performs as well as possible for unitholders in the Fund, as well as for unitholders in its other managed investment schemes.

MacarthurCook, as responsible entity for other managed investment schemes which own units in the Fund will vote at the upcoming meeting, having regard to the information released by MacarthurCook and Recap and their respective strategies in the context of their long term investment in the Fund. MacarthurCook must vote interests held as responsible entity of other managed investment schemes in a way which, in MacarthurCook's view, is in the best interests of all of the unitholders in those schemes.

3. Comparisons between before and post the global financial crisis

Recap makes a range of references comparing the Fund and its strategies during and prior to 2007, compared to the current strategies and position of the Fund today.

As unitholders are well aware, the global financial crisis (GFC) has had a substantial impact on equity and property markets around the world and created market conditions which are dramatically different to 2007. MacarthurCook, as with any prudent fund manager, has appropriately adjusted its short term strategies to reflect these turbulent economic times. In fact, it would have been imprudent for the Responsible Entity not to have done so

Accordingly, comparisons made by Recap between the strategies which are appropriate in 2007 and now (post the GFC), are disingenuous and do not provide unitholders with an accurate view of the performance of the Fund.

By way of example, raising capital during this period could have given rise to issuing equity at a time when the Fund's cost of capital was at its highest and when its units were trading at their highest discount to net tangible asset value (NTA). This would have had a significant impact on unitholders who were unable or unwilling to participate in a capital raising. MacarthurCook's decision not to undertake an inappropriate capital raising protected unitholders' capital.

In addition, in the current market, MacarthurCook would not have recommended to its unitholders an expensive capital raising or expensive refinancing of the bank facility, in order to acquire industrial property at a time when there was a significant likelihood of further falls in property values. A long term strategy to grow the Fund does not require and should not involve growth for growth's sake or ignoring adverse market conditions.

MacarthurCook's strategy is focussed on Australian industrial property. It is a strategy based on growing the Fund when market conditions are appropriate and where it can ensure its cost of funding, both debt and equity, are managed carefully.

4. Your Fund's investment team

Recap expresses concerns about changes in your Fund's investment team since 2007.

As with the industry as a whole, there are changes in personnel from time to time, with the last 2 years being no exception. That said, your current investment team has been in place since early to mid 2008 and has been significantly strengthened with a range of skills tailored to managing through the tumultuous market conditions to date and the continuing challenges ahead.

The recent change in ownership of MacarthurCook has meant that there have been a number of personnel changes at MacarthurCook. Some of the responsible managers

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and the key person on MacarthurCook's Australian financial services licence (**AFS Licence**) have recently left MacarthurCook and MacarthurCook is working with ASIC to appoint two of its directors, Mr Wang and Mr Thorpe-Apps as responsible managers to its AFS Licence. We are confident that Messrs Wang and Thorpe-Apps, together with MacarthurCook's Head of Real Estate, Mr Russell Bullen (and current responsible manager), have the necessary competencies required by ASIC to be responsible managers under MacarthurCook's AFS Licence and to continue to effectively manage your Fund.

Mr Mark Thorpe-Apps holds responsible manager roles for AIMS Securitisation Pty Ltd and AIMS Funds Management Limited and has over 15 years experience in the areas of funds management and financial services including managing a \$1billion property fund.

Mr Wang holds responsible manager roles with both AIMS Securitisation Pty Ltd and AIMS Funds Management Limited and has a strong skill base in the areas of lending, securitisation, real estate funds management, structured finance and innovative financial product development.

5. How much refinancing may cost you?

Recap has proposed a new finance facility and indicates "the margins within the ANZ commitment letter and indicative terms sheet are competitively priced for this market".

The margin under the current bank facility is substantially lower than current market rates. Recap has not disclosed its proposed arrangement with the ANZ, but note that the ANZ proposal is subject to a number of conditions, including a rights issue. MacarthurCook considers it likely that any immediate refinance of the current NAB facility would give rise to a significant increase in finance costs.

By way of example of the potential impact this could have on unitholders, MacarthurCook estimates that (based on its recent investigations) if it were to refinance the current facility at market rates as at 30 September 2009, it could result in the current distribution target for the 2010 financial year of 1.6 cents per unit (cpu), being reduced by approximately one third to 1.1 cpu.

6. Fund performance

While MacarthurCook acknowledges that recent investment performance has been disappointing, the Fund has outperformed its direct peer group of other Australian Industrial REITs over the last financial year and remains one of the few Australian industrial REITs to be paying a distribution over the next distribution period. This outperformance is a testament to MacarthurCook's effective management of the Fund. RecapMIL have no track record of managing an Australian industrial property fund or large Australian direct property fund during the GFC.

In particular, MacarthurCook has been able to manage the debt position of the Fund without resorting to an unnecessary and expensive refinancing or a potentially highly dilutionary rights issue or placement.

Having managed the Fund through these turbulent economic times, MacarthurCook, with the support of AIMS, is best placed to grow the Fund into the future.

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**MACARTHURCOOK'S RESPONSE TO ADDITIONAL INFORMATION PROVIDED BY
 RECAP/RECAPMIL**

Income distributions

| Recap Claim | Fact |
|--|--|
| <p>"By not refinancing the debt or undertaking a rights issue, MacarthurCook has caused distributions to be suspended since December 2008"</p> | <p>Distributions were temporarily suspended in order to protect the long term interests of unitholders. This is consistent with the practice of many other property trusts including the two largest Australian Industrial REITs, which suspended their distributions during the second half of the 2009 financial year.</p> <p>The alternative would have been to expose the Fund to a significant increase in the cost of debt (which would have negatively impacted distributions) and/or undertake an equity raising at a time when unit prices were severely depressed, which would have potentially diluted unitholders' capital.</p> <p>Your Fund has recently reinstated distributions for the Fund (as previously foreshadowed) and is one of the few Australian Industrial REITs forecast to pay a distribution in the next distribution period.</p> |

Focus on growth

| Recap Claim | Fact |
|---|--|
| <p>"They have not expanded the Fund as they promised"</p> | <p>MacarthurCook's long term strategy for the Fund is to grow the Fund. However a prudent approach to growth is important and MacarthurCook will only take steps to grow the Fund when it is in the best interests of unitholders to do so having regard to economic conditions. For example, for the reasons detailed above, MacarthurCook believes it would have been inappropriate for the Fund to seek to expand during the GFC.</p> |

Focus on Asia

| Recap Claim | Fact |
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| <p>"They have a strong focus on Asia".</p> | <p>MacarthurCook Limited's corporate plans along with those of AIMS Financial Group, are separate to those of your Fund.</p> <p>MacarthurCook has already indicated it has no intention of seeking new investments in Asia in the near term and is focusing on Australian industrial property opportunities.</p> <p>MacarthurCook has, and will continue to have, a strong focus on the Australian market and continues to explore</p> |

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| | opportunities to expand its Australian industrial portfolio, which it will only undertake when market conditions are appropriate. |
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Capital management and Fund strategy

| Recap Claim | Fact |
|---|---|
| <p>“The Fund’s Financier has frozen its debt”</p> <p>“...Recap believes there are issues with the NAB facility that require it to be refinanced”</p> <p>“The rights issue which Recap wishes to carry to out stabilise the balance sheet is necessary”.</p> | <p>This statement is factually incorrect. The Fund's debt has not been frozen. Additional funding may be available if the Responsible Entity is prepared to accept a re-pricing of the full facility.</p> <p>There is no requirement for the facility to be refinanced before 31 August 2010.</p> <p>The debt within the Fund has been significantly reduced, is well within its banking covenants and there exists no requirement to draw down further debt for current activities or to refinance the facility. In addition, the Responsible Entity does not believe there is a need for a highly dilutive capital raising.</p> <p>The impact of a discounted capital raising can be seen by examining the effect on the Net Tangible Asset Value (NTA) for the Fund. For example, the NTA for the Fund is \$0.64 per unit per unit at as at 30 June 2009. A one for one rights issue at \$0.25 per unit (61% discount to NTA) could reduce the NTA per unit by an estimated 31%, to approximately \$0.44 per unit.</p> <p>Any such rights issue would be highly dilutionary to unitholders who do not participate. Therefore, the rights issue would favour investors who want to (or are in a position to be able to) invest more money into the Fund. This would be at the expense of unitholders who cannot afford to (or do not want to) make further investments at the time of the rights issue.</p> <p>We note again that Recap has recently undertaken a capital raising for a US based Fund to which it is the manager at a 69% discount to its stated NTA.</p> |

Fees

| Recap Claim | Fact |
|---|---|
| <p>“You have been charged significant and unfair fees”.</p> | <p>RecapMIL is not proposing to reduce these fees until the Fund has more than \$300 million in gross assets under management.</p> <p>If RecapMIL was serious in its concerns about the fees charged by MacarthurCook, arguably it would agree to</p> |

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| | <p>reduce fees charged to the Fund immediately.</p> <p>The Responsible Entity has also recommended unitholders vote in favour of removing the Reimbursement Fee.</p> |
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Leasing of current vacancies

| Recap Claim | Fact |
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| <p>"If any capex is required to assist in the re-leasing of these properties then the Fund has an issue in that it cannot use its frozen NAB bank facility."</p> | <p>This statement is factually incorrect. The Fund's debt has not been frozen. Additional funding may be available if the Responsible Entity is prepared to accept a re-pricing of the full facility.</p> <p>In any event, the Responsible Entity does not consider it prudent to increase the current level of debt in the Fund.</p> <p>MacarthurCook has previously advised unitholders that in its distribution target for the 2010 financial year, it has made provision to fund leasing incentives, without the requirement to increase debt.</p> |

MacarthurCook communications

| Recap Claim | Fact |
|---|---|
| <p>"MacarthurCook do not communicate with investors."</p> | <p>In contrast to some REIT managers, MacarthurCook undertakes annual unitholder briefings to its retail investors. In addition, MacarthurCook is active in promoting your Fund to existing and new retail investors through activities such as the ASX National REIT Roadshow which it participated in last year and will again during October and November this year.</p> <p>MacarthurCook also provides regular ASX and unitholder updates and is always willing to discuss the performance of the Fund with interested unitholders.</p> |

SUPPORT MACARTHURCOOK BY VOTING AGAINST RESOLUTIONS 2 AND 3 AT THE UPCOMING UNITHOLDERS' MEETING.

YOUR VOTE IS VERY IMPORTANT TO US. THANK YOU FOR YOUR CONTINUED SUPPORT.

For further information, contact:

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About MacarthurCook:

MacarthurCook Limited has offices in Australia and Singapore and specialises in the investment management of direct property, real estate securities and mortgage assets.

MacarthurCook manages over A\$1.1 billion on behalf of over 21,000 investors as at 30 June 2009. MacarthurCook is a quality endorsed company (ISO 9001:2008 international standard accreditation), and is the investment manager for MacarthurCook Industrial REIT, MacarthurCook Industrial Property Fund, MacarthurCook Office Property Trust, MacarthurCook Mortgage Fund, Advance Mortgage Fund, MacarthurCook Property Securities Fund, Advance Property Securities Fund and the RMR Asia Pacific Real Estate Fund.

The MacarthurCook Property Securities Fund is listed on the ASX and the Singapore Exchange. The MacarthurCook Industrial Property Fund is listed on the ASX. The MacarthurCook Industrial REIT is listed on the Singapore Exchange. The RMR Asia Pacific Real Estate Fund is listed on the American Stock Exchange.

About AIMS Financial Group:

Established in 1991, AIMS Financial Group is an Australian company with a solid track record and enviable reputation in the mortgage and securitisation markets. It has expanded to become an international financial group focusing on funds management, real estate investment, securitisation and mortgage lending.

AIMS is a 100% Australian owned business that has operated in Australia for nearly 20 years. AIMS started in Australia with only two staff and today have in excess of 100 staff in Australia. AIMS has been very active in introducing international investors into the Australian real estate market. During this time AIMS has attracted over \$1 billion of investment from its international clients to invest in Australian direct property and believes there is a significant opportunity to grow MacarthurCook's fund management business through its clients both in Australia and internationally. In the last 8 years to 2007, AIMS has raised directly and indirectly approximately A\$3 Billion in funds from the Australian capital markets, with most of the RMBS (Residential Mortgage Backed Securities) rated AAA by both Standard & Poors and Fitch Ratings.

With offices across Australia and China and highly qualified, professional and experienced cross-cultural teams, AIMS Financial Group bridges the gap between Australia and China in various markets, especially in real estate, resources, technology, infrastructure, banking and financial services.