



## MacarthurCook Industrial REIT (“MI-REIT”)

### *3QFY08 Results Presentation*

15 February 2008



### Disclaimer

**This Presentation is focused on comparing actual results for the period from 1 October 2007 to 31 December 2007 (“3QFY08”) versus forecasts derived on the best estimate as stated in the MI-REIT Prospectus of 12 April 2007. This shall be read in conjunction with MI-REIT’s 3QFY08 results Financial Statements in the SGXNet Announcement.**

The presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

## Agenda

1. Key Highlights
2. 3QFY08 Financial Results Highlights
3. Capital Management
4. Portfolio Update
5. Market Review and Outlook
6. Going Forward

## Key Highlights<sup>1</sup>

- 3QFY08 net property income of S\$6.3 million exceeds forecast by 6.0%
- Income for distribution to Unitholders of S\$5.0 million is 3.3% higher than forecast
- 3QFY08 DPU of 1.92 cents is 3.2% higher than forecast
- Annualised DPU of 7.6 cents exceeds forecast by 3.3%
- Annualised yield of 8.26%<sup>2</sup>
- Net asset value increased by 1.5% during the quarter to S\$1.30 per unit

Notes:

1. There was no comparative Consolidated Statement of Total Return and Distribution Statement as at the preceding financial year end as at MI-REIT was constituted on 5 December 2006.
2. Based on the closing price of \$0.92 per unit of 13 February 2008

## Key Highlights (Continued)

- Completed the acquisitions of three properties in Singapore and one in Japan, bringing the portfolio to a total of 16 properties and a total book value of S\$456.9 million
- Acquired an additional four properties with an aggregate book value of S\$78.5 million in Singapore during the quarter
- Active capital management: Interest rate swap to take advantage of low interest rate environment

## Distribution Details

Stock Counter	Distribution Period	Distribution per unit (Cents)
MacCooklReit	1 October 2007 to 31 December 2007	1.92

### Distribution Timetable

Ex-Date: 21 February 2008, 9.00am

Books Closure Date: 25 February 2008, 5.00pm

Distribution Payment Date: 24 March 2008

## Financial Highlights for 3QFY08

### DPU – 3QFY08 is 3.2% above forecast

(\$'000)	3QFY08 Actual <sup>1</sup> 1/10/07 to 31/12/07	3QFY08 Forecast <sup>2</sup> 1/10/07 to 31/12/07	Variance %
Gross Rental Revenue	8,408	8,348	+0.7
Less: Property Expenses	(2,111)	(2,405)	-12.2
<b>Net Property Income</b>	<b>6,297</b>	<b>5,943</b>	<b>+6.0</b>
Non-Property Expenses	(1,990)	(1,117)	+78.2
<b>Net Income</b>	<b>4,310</b>	<b>4,845</b>	<b>-11.0</b>
Net change in fair value of investment properties <sup>3</sup>	7,227	-	NM
Minority Interest	6	-	NM
<b>Total Return after income tax and minority interest</b>	<b>11,543</b>	<b>4,845</b>	<b>&gt;100.0</b>
Net effect of non-tax (chargeable)/deductible items	(7,430)	(5)	>100.0
Other adjustments	888	-	NM
<b>Income Available for Distribution<sup>4</sup></b>	<b>5,001</b>	<b>4,840</b>	<b>+3.3</b>
Available DPU (Cents) <sup>5</sup>	1.92	1.86	+3.2
Annualised DPU (Cents) <sup>6</sup>	7.62	7.38	+3.3

Notes:

- Based on 16 properties as at 31 December 2007.
- There was no comparative Consolidated Statement of Total Return and Distribution Statement as at the preceding financial year end as at MI-REIT was constituted on 5 December 2006.
- During the period, the net change in fair value of investment properties resulted from the difference between the total acquisition cost and the valuations of the properties. Being unrealised, the net change in fair value of investment properties is a non-tax chargeable item and will not affect DPU as distributions are based on taxable income.
- After excluding the change in fair value of investment properties and other non-tax chargeable/deductible items.
- The actual and forecast DPU of 1.92 cents and 1.86 cents is calculated based on 260,504,932 units and 260,430,000 units, respectively.
- The forecast annualised DPU of 7.38 cents is calculated based on simple annualisation of the period DPU using 260,430,000 units.

## DPU – 3QFY08 vrs 2QFY08

(S\$'000)	3QFY08 Actual <sup>1</sup> 1/10/07 to 31/12/07	2QFY08 Actual <sup>2</sup> 1/07/07 to 30/09/07	Variance %
Gross Rental Revenue	8,408	7,342	+14.5
Less: Property Expenses	(2,111)	(1,432)	+47.4
<b>Net Property Income</b>	<b>6,297</b>	<b>5,910</b>	<b>+6.5</b>
Non-Property Expenses	(1,990)	(1,269)	+56.8
<b>Net Income</b>	<b>4,310</b>	<b>4,641</b>	<b>-7.1</b>
Net change in fair value of investment properties <sup>3</sup>	7,227	37,800	-80.9
Minority Interest	6	-	NM
<b>Total Return after income tax and minority interest</b>	<b>11,543</b>	<b>42,441</b>	<b>-72.8</b>
Net effect of non-tax (chargeable)/deductible items	(7,430)	(37,593)	-80.2
Other adjustments	888	-	NM
<b>Income Available for Distribution<sup>4</sup></b>	<b>5,001</b>	<b>4,848</b>	<b>+3.2</b>
Available DPU (Cents)	1.92	1.86	+3.2
Annualised DPU (Cents)	7.62	7.38	+3.3

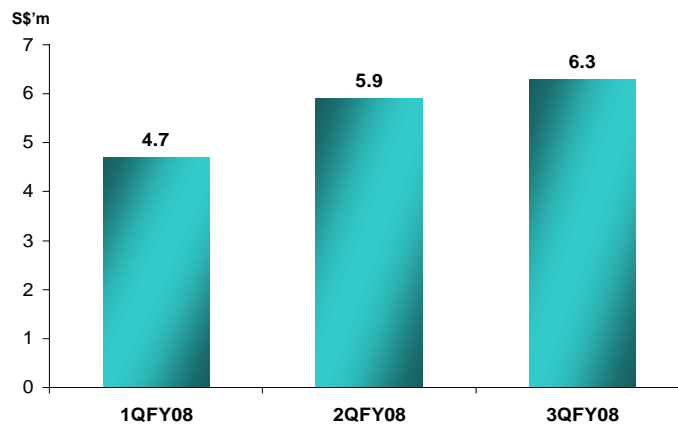
Notes:

- Based on 16 properties as at 31 December 2007.
- Based on 12 properties as at 30 September 2007.
- The net change in fair value of investment resulted from the revaluation of the initial 12 properties, giving rise to a net change in fair value of investment properties of S\$30.6 million in 2QFY08 and S\$17.0 million in 3QFY08. Being unrealised, the net change in fair value of investment properties is a non-tax deductible item and will not affect DPU as distributions are based on taxable income.
- After excluding the change in fair value of investment properties and other non-tax chargeable/deductible items.

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## Steady Quarter to Quarter NPI Growth

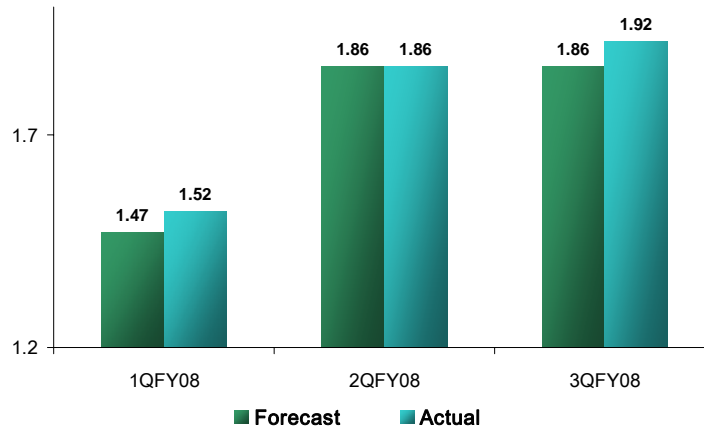
### Net Property Income



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## Steady Quarter to Quarter DPU Growth

DPU (Cents)



## Higher than forecast Net Property Income

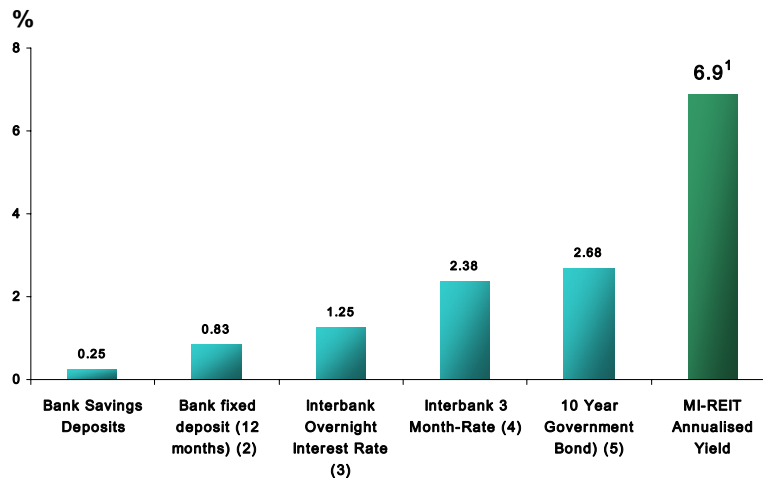
3QFY08	Variance to forecasts (\$)	Variance to forecasts (FAV or UNFAV)	Reasons
Gross Rental Revenue	+60,000	0.7% (FAV)	Due to revenue contributed by properties acquired during the quarter.  This was offset by a lower service charge income due to a tenant paying for the recoverable property expense directly to the service providers.
Property Expenses	-294,000	12.2% (FAV)	Due to a tenant paying the recoverable property expense directly.
<b>Net Property Income</b>	<b>+354,000</b>	<b>6.0% (FAV)</b>	

### Higher than expected Non Property Expenses mainly due to:

3QFY08	Variance to forecasts (\$)	Variance to forecasts (FAV or UNFAV)	Reasons
Manager's Management Fees	+131,000	33.2 UNFAV	Due to the higher value of deposited properties with the addition of new acquisitions not included in the forecast.
Borrowing Costs	+212,000	42.2 UNFAV	Due to the use of bank borrowings to fund the acquisition of four properties.
Net foreign exchange (gain)/loss	+408,000	NM	Relates to loss on the translation of amount due from subsidiary at exchange rate as at 31 December 2007; this was offset in part by the net gain in revaluation of financial Derivatives.
Other trust expenses	+401,000	>100.0	Mainly due to costs incurred by Japan Industrial Property Pte Ltd in relation to its incorporation and acquisition of Asahi Ohmiya Warehouse in Japan.

### High Yield

Attractive forecast yield for MI-REIT



Note:

- 1 Yield based on MI-REIT's closing price of S\$1.10 per unit on 31 December 2007 and annualised third quarter DPU of 7.6 cents
- 2 Bank fixed deposit rate (12 months) as at December 2007. Source: MAS website
- 3 Interbank overnight interest rate as at December 2007. Source: MAS website
- 4 Interbank 3 Month Rate as at December 2007. Source: MAS website
- 5 10 Year Government Bond yield as at December 2007. Source: MAS Website

## Capital Management

## Balance Sheet and Debt Profile

Balance Sheet <sup>1</sup>	3QFY08 1/10/07 to 31/12/07 (\$'M)	2QFY08 1/07/07 to 30/9/07 (\$'M)
Total Assets	473.4	361.8
Largely Comprising:		
- Investment Properties	456.9	354.0
- Cash and Cash Equivalents	11.7	6.8
- Trade and other receivables	3.3	1.0
Total Liabilities	133.3	28.6
Net Assets attributable to Unitholders	340.1	333.2
NAV per unit	\$1.30	\$1.28

Debt Profile	3QFY08 As at 31 December 2007	2QFY08 As at 30 September 2007
Gearing	27.6%	7.8%
Interest Coverage Ratio <sup>2</sup>	8.8 times	11.9 times

Notes:

1. There was no comparative balance sheet as at the preceding financial year end, as MI-REIT was listed on 19 April 2007.
2. Ratio of Net Property Income to Interest Expense for the period.



## Prudent and Active Capital Management

- Target gearing of 40-45% in the medium term (27.6%<sup>1</sup> as at 31 December 2007)
- Total debt facility of S\$220.8m; drawdown of \$126.1m as at 31 December 2007
- Active interest rate management:
  - **In Singapore:**
    - 1) Entered into 3 year interest rate swap on S\$100m
      - Pay: Fixed rate of 1.905% + 55 basis points
      - Tenor: From 11 Feb 2008 – 10 Feb 2011
    - 2) Interest rate cap on S\$120.2 million:
      - SIBOR (Capped at 3.5%) + 55 basis points
      - Tenor: From 7 May 2007 – 31 March 2009
  - **In Japan:**
    - Fixed interest rate at 1.97% (inclusive of margin) on JPY1.5 billion
    - Tenor: From 20 December 2007 – 18 December 2009

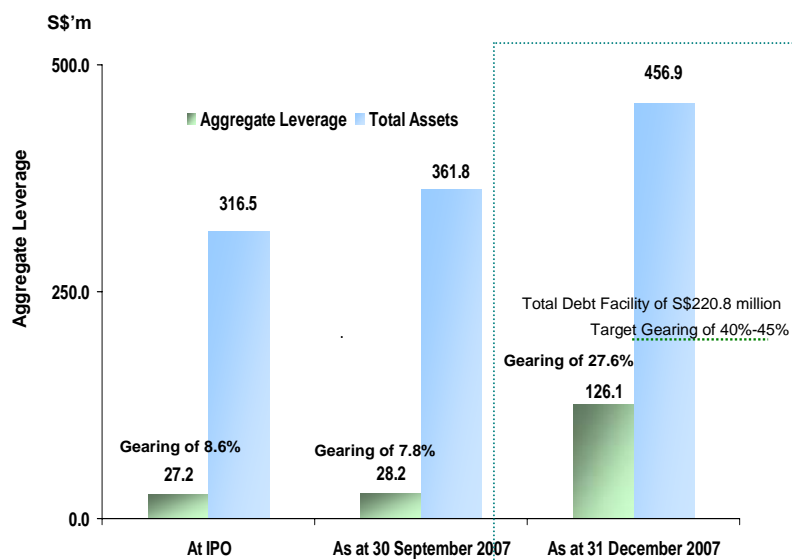


**Notes:**

1) Gearing will increase to 41% upon completion of acquisitions by end of the fourth quarter ending 31 March 2008.

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## Debt Headroom



**Notes:**

1) Gearing will increase to 41% upon completion of acquisitions by end of the fourth quarter ending 31 March 2008.

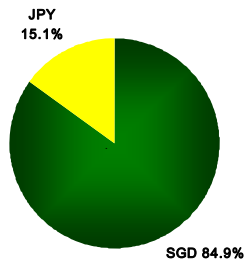
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## Minimizing Foreign Exchange Risk

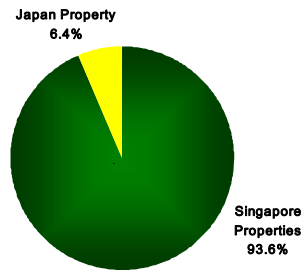
- Acquired the Japan property through borrowings in Japanese Yen, achieving a natural foreign exchange hedge;
- Entered into a cross currency swap for JPY730m for five years at a contracted rate of JPY74.97 to minimize the foreign exchange risk of its Japan property investment; and
- Entered into a coupon only cross currency swap to minimise the foreign exchange risk on its forecast distributions from the Japan property.

As at 31 December 2007

Borrowings by Currency



Japan Property as % of Portfolio



## PORTFOLIO UPDATE

### Additions to MI-REIT's portfolio during 3QFY08 .....

Property / Address	Appraised Value (S\$'m)	Acquisition Completion Date
541 Yishun Industrial Park A	16.8	3rd October 2007
15 Tai Seng Drive	27.7	17th December 2007
11 Changi South Street 3	20.8	17th December 2007
Asahi Ohmiya Warehouse, Saitama City, Japan	28.7	20th December 2007
<b>Total</b>	<b>94.0</b>	

### As at 31 December 2007, the following acquisitions were pending completion

Property / Address	Appraised Value (S\$'m)	Actual or Expected Acquisition Completion Date
103 Defu Lane 10	14.5	21st January 2008
61 Yishun Industrial Park A	24.6	21st January 2008
1 Kallang Way 2A	14.0	30th January 2008
7 Clementi Loop	18.3	Expected in March 2008
135 Joo Seng Road	25.4	Expected in March 2008
Plot 4A, International Business Park	91.0	Expected in December 2009
<b>Total</b>	<b>187.8</b>	

### MI-REIT's portfolio as at 31 December 2007

Property / Address	Appraised Value (S\$'m)
8 & 10 Pandan Crescent	137.9
31 Admiralty Road	14.8
10 Changi South Lane	35.4
23 Changi South Avenue 2	23.6
11 Changi South Street 3	20.8
Asahi Ohmiya Warehouse	28.7
1 Bukit Batok Street 22	23.0
20 Gul Way	46.0
3 Tuas Avenue 2	23.0
8 & 10 Tuas Avenue 20	13.0
8 Senoko South Road	12.7
10 Soon Lee Road	9.8
26 Tuas Avenue 7	9.1
541 Yishun Industrial Park A	16.8
2 Ang Mo Kio Street 65	15.5
15 Tai Seng Drive	27.7
Adjustment for the effect of straight-lining of rental income	0.9
<b>Total</b>	<b>456.9</b>

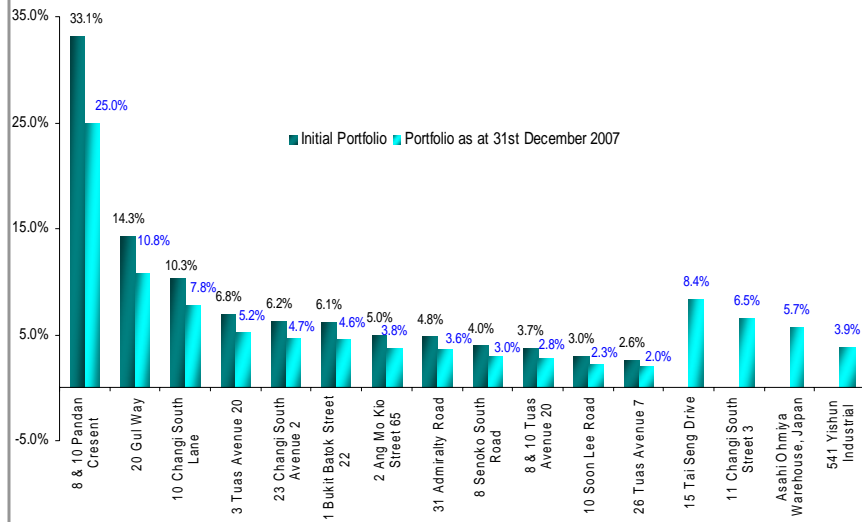
#### Property Class Diversification by Value

**Subsector: Warehouse and Logistics**  
**Total: S\$261.2 m**  
**Percentage: 57.1%**

**Subsector: Manufacturing**  
**Total: S\$153.4 m**  
**Percentage: 33.5%**

**Subsector: Research and Technology**  
**Total: S\$43.2 m**  
**Percentage: 9.4%**

## Greater diversification by tenant income <sup>(1)</sup>



Notes:

(1) Assuming MI-REIT has purchased, held and operated the properties for the financial year ended 31 March 2008 ("FY2008") and that the acquisitions are 100% debt-funded.

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## Growing presence in Singapore

### Logistics and Warehousing

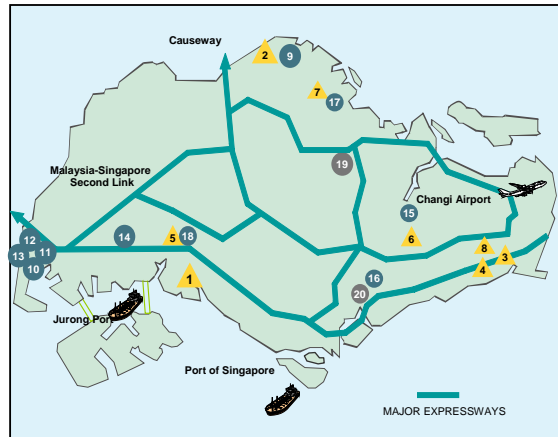
- 1 8 & 10 Pandan Crescent
- 2 31 Admiralty Road
- 3 23 Changi South Avenue 2
- 4 10 Changi South Lane
- 5 7 Clementi Loop
- 6 103 Defu Lane 10
- 7 61 Yishun Industrial Park A
- 8 11 Changi South Street 3

### Manufacturing

- 9 8 Senoko South Road
- 10 20 Gul Way
- 11 3 Tuas Avenue 2
- 12 26 Tuas Avenue 7
- 13 8 & 10 Tuas Avenue 20
- 14 10 Soon Lee Road
- 15 135 Joo Seng Road
- 16 1 Kallang Way 2A
- 17 541 Yishun Industrial Park A
- 18 1 Bukit Batok Street 22

### Research and Technology

- 19 2 Ang Mo Kio Street 65
- 20 15 Tai Seng Drive



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## And a new footprint in Japan

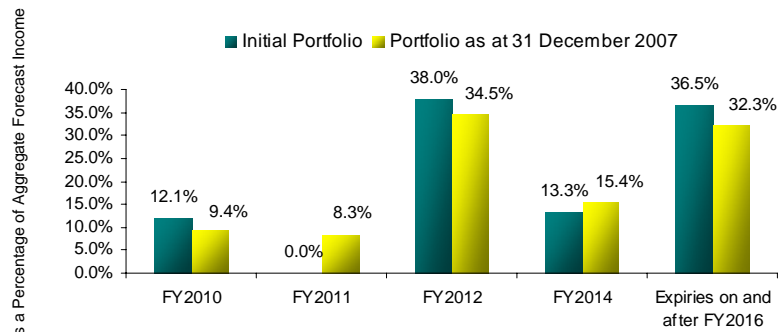
### Japanese Property

Asahi Ohmiya Warehouse – 1-398-3, 11, 13 Yoshinocho  
Kita-Ku, Saitama City, Japan



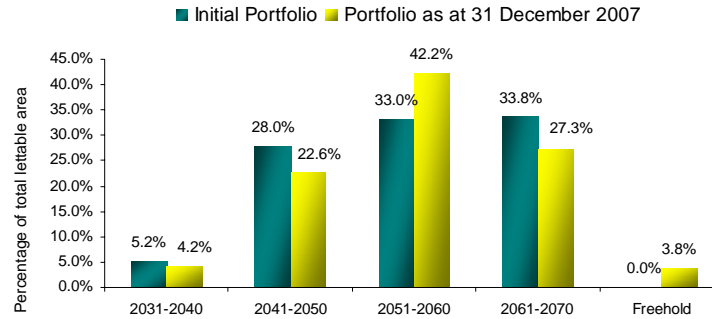
## Weighted Average Lease Term to Expiry

Income Stability from Long Average Lease Duration



	Initial Portfolio	Portfolio as at 31 December 2007
<b>Weighted average lease term to expiry</b>	6.3 years	5.9 years

## Long leasehold for underlying land



	Initial Portfolio	Portfolio as at 31 December 2007
Weighted average of unexpired lease term of underlying land	47.8 years	47.8 years

## High Yield and Stable distributions to unitholders

### High Yield

- High Yield of 6.9% based on MI-REIT's closing price of S\$1.10 per unit on 31 December 2007 and annualised third quarter DPU of 7.6 cents

### Secure income stream

- Secure income stream from strong and diversified tenant profile
  - 65.6% of portfolio rental income from SGX-ST listed tenants (or subsidiaries of SGX-ST listed companies)

### Long average lease duration

- Long average lease duration of 5.9 years as at 31 December 2007

### Limited interest rate risk

- 100% of borrowings on initial portfolio are subject to a capped interest rate

### Distribution policy

- Distribution policy of 100% of taxable income for Forecast Year 2008, and at least 90% thereafter

## The New Properties



541 Yishun Industrial Park A



Asahi Ohmiya Warehouse



11 Changi South Street 3



15 Tai Seng Drive

## The New Properties (Continued)



61 Yishun Industrial Park A



7 Clementi Loop



103 Defu Lane 10



1 Kallang Way 2A

The New Properties (Continued)



135 Joo Seng Road

Market Review and Outlook



## Outlook

### *Demand for Quality Industrial Space expected to remain strong*

#### ■ Singapore economy in fourth quarter 2007

- Growth moderated in the fourth quarter.
- Cyclical decrease in output in the biomedical manufacturing sector resulted in deceleration of growth in the manufacturing sector.
- Forecast 2008 GDP growth estimated to be 4.5%-6.5%.

#### ■ Outlook for Singapore industrial property market remains positive

- According to the URA, industrial rentals increased 7.8% during the fourth quarter 2007
  - Rentals of multiple-user factory space increased 8.7%
  - Prices of multiple-use factory space increased 6.2%
- Limited supply of 3.16 million sqm GFA of government and private factory space expected to be completed between 2008 and 2011

#### ■ Outlook for most Asian countries is positive

- Expected continued strength in regional industrial production
  - China and India are forecast to generate GDP growth for this year of 10.0% and 8.0% respectively

## Outlook

- 1HFY08 DPU was 1.5% above forecast
- 3QFY08 DPU is 3.2% above forecast

We are confident that MI-REIT will deliver the forecast DPU for the financial year ending 31 March 2008.

## Going Forward

## Key Strategies

### Proactive Asset Management

Focus on improving the performance of individual properties and maximizing total returns of its property portfolio through:

- Active tenant management
  - Through early renegotiation of leases well in advance of expiry
  - Reconfiguration of existing tenancies to increase area and net rental
  - Reducing operating costs by managing property expenses
- Asset Enhancements / Organic Growth through positive rental reversions

### Prudent Capital Management

- Maintain gearing at target of 40-45% in the medium term
- Active management of debt to minimize interest rate and foreign exchange risk
- Currently in discussions to extend the existing debt facility beyond March 2009 maturity date

**Thank You**