



**MacarthurCook Investment Managers (Asia) Limited**  
 (Company Registration No. 200615904N)

Manager of MacarthurCook Industrial REIT  
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(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 5 December 2006 (as amended))

## NEWS RELEASE

### MI-REIT reports Second Quarter DPU of 1.86 Cents, Half-Year DPU exceeds forecast by 1.5%

#### Highlights

- 2QFY08 distributable income of S\$4.8 million is in line with forecast
- Annualised DPU of 7.38 cents is in line with forecast
- Net asset value increased 13.3% to S\$1.28 per unit

**Singapore, 24 October 2007** – MacarthurCook Investment Managers (Asia) Limited (“the Manager”), the Manager of MacarthurCook Industrial REIT (“MI-REIT”), today announced a distributable income of S\$4.8 million or distribution per unit (“DPU”) of 1.86 cents, for the second quarter ended 30 September 2007 (“2QFY08”). DPU for the half-year ended 30 September 2007 (“1HFY08”) of 3.38 cents exceeded forecast by 1.5%. The 2QFY08 annualised DPU of 7.38 cents is in line with forecast. Based on the closing price of S\$1.22 per unit on 30 September 2007, the annualised DPU of 7.38 cents translates to a distribution yield of 6.05% per annum.

#### Summary of MI-REIT’s 2QFY08 Results

	<b>2QFY08 (Actual)</b>	<b>2QFY08 (Forecast)</b>	<b>Variance (Actual vs. Forecast)</b>
Net Property Income (S\$’000)	5,910	5,943	-0.6%
Distributable Income (S\$’000)	4,848	4,846	+0.0%
DPU for the period (Cents) <sup>1</sup>	1.86	1.86	+0.0%
Annualised DPU (Cents) <sup>1</sup>	7.38	7.38	+0.0%

<sup>1</sup> The actual and forecast DPU of 1.86 cents is calculated based on 260,504,932 and 260,430,000 units, respectively.

The net income available for distribution to unitholders of S\$4.8 million was in line with forecast, after deducting S\$37.6 million in non-tax deductible and non-taxable items<sup>2</sup>. 2QFY08 net property income (“NPI”) of S\$5.9 million, which was higher than 1QFY08 NPI of S\$4.7 million, was the result of rental on a property accrued to revenue upon receipt of a Certificate of Statutory Completion (“CSC”) on 12 August 2007<sup>3</sup>.

Mr Chris Calvert, Chief Executive Officer of the Manager said: “We are pleased that MI-REIT has achieved results that are consistent with our forecasts, as we continue to be focused on enhancing the profile of our portfolio, and providing unitholders with a stable and growing income stream. MI-REIT’s 2<sup>nd</sup> quarter DPU of 1.86 cents represents a 22.4% increase over the previous quarter’s DPU of 1.52 cents.”

### 13.3% increase in NAV

As at the end of the quarter, net asset value per unit increased by 13.3% to S\$1.28 from S\$1.13 in the previous quarter. This was a result of the revaluation of the initial 12 properties in MI-REIT’s portfolio, which increased the book value of MI-REIT’s portfolio by a total of S\$37.8 million from S\$316.2 million.

Independent revaluations of six properties had been conducted and announced on 1 September 2007, resulting in an S\$30.6 million increase to book value. To bring the total MI-REIT portfolio up to fair value, the Manager conducted internal revaluations of the remaining six properties of the initial portfolio on 30 September 2007, resulting in an increase of S\$7.2 million to book value. The internal valuation details of the six properties are as follows:

6 Properties	Valuation as at IPO (S\$m)	Internal Valuation as at 30 September 2007 (S\$m)	Increase in Value (S\$m)	Increase in Value (%)
3 Tuas Avenue	20.9	23.0	2.1	10.0%
8 & 10 Tuas Avenue	11.5	12.0	0.5	4.3%
20 Gul Way	39.8	42.0	2.2	5.5%
31 Admiralty Road	13.5	14.0	0.5	3.7%
23 Changi South St.	19.3	21.0	1.7	8.8%
10 Changi South St.	33.8	34.0	0.2	0.5%
<b>Total</b>	<b>138.8</b>	<b>146.0</b>	<b>7.2</b>	<b>5.2%</b>

<sup>2</sup> These include net change in fair value of investment properties of S\$37.8 million, resulting from the revaluation of the initial 12 properties during the quarter to bring the portfolio to fair value, and other non-tax deductible and non-taxable items. 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.

<sup>3</sup> Net property income for the quarter was S\$0.03 million less than forecast, mainly due to a one-time reduction in rent as the Vendor awaited receipt of CSC on the construction of a new building. Rental on the property has accrued to revenue since 12 August 2007, upon the receipt of the CSC.

Independent revaluations of these six properties will be conducted by 15 November 2007, in accordance with the relevant accounting standard, Financial Reporting Standard 40 Investment Property and the Property Fund Guidelines.

### **Growth through Acquisitions and Active Portfolio Management**

Mr Calvert added: "In the short time since listing on 19 April, we have successfully executed the acquisition of three properties; two of which are pending completion with an aggregate value of S\$109.3 million and the third, which has been completed for S\$16.8 million. We continue to be focused on achieving our target of S\$500 million in acquisitions per annum.

This is a strong indication of our ability to grow MI-REIT's portfolio by acquiring assets that enable us to actively shape MI-REIT's tenant mix and improve our average weighted lease expiry profile. These acquisitions will also enhance income stability and diversification as a result of the reduced reliance on any single asset for income."

Whilst the majority of MI-REIT's acquisitions over the next 12-18 months will be made in Singapore, investment grade industrial property in Japan, Hong Kong, Korea and Malaysia will also be considered in accordance with MI-REIT's pan-Asian mandate.

Mr Calvert said: "We continue to source attractive assets throughout Asia as we expect geographic diversification to play a significant role in enhancing MI-REIT's income stream stability, as single country concentration risk is reduced over time. We also expect demand for regional industrial property to strengthen, as the Asian economies continue to experience robust growth, particularly through domestic consumption and investment."

### **Prudent Financial Management**

The Manager will continue to optimise MI-REIT's funding structure in order to deliver competitive risk-adjusted total returns and achieve sustainable growth for its unitholders. As at 30 September 2007, MI-REIT's leverage ratio had decreased to 7.8%<sup>4</sup> from 8.6% at listing date. With a total available debt capacity of S\$220 million to fund acquisitions, and an ability to gear up to 60%, the Manager is confident that it has substantial operational flexibility to execute its acquisition growth strategy.

### **Outlook for FY2008**

The Singapore economy continued to register strong growth in 3Q07, according to advance estimates<sup>5</sup> by the Ministry of Trade and Industry (MTI) in October 2007, which indicated that

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<sup>4</sup>The revaluation of the 12 initial properties in MI-REIT's portfolio gave rise to an increase in book value of S\$37.8 million. This excludes completed acquisitions after 30 September 2007 or acquisitions that are currently pending completion.

<sup>5</sup> Ministry of Trade and Industry, "Advance GDP Estimates for Third Quarter 2007", 10 October 2007. According to MTI, the advance GDP estimates for third quarter 2007 are computed largely from the first two months' data.

real GDP rose by 9.4% on a year-on-year basis in 3Q07, as compared to 8.7% in the previous quarter.

Underpinned by the buoyant economy and robust spill over demand from the fast-running office sector, rents and capital values of industrial space are poised to chalk up further increases of up to 10% in the final quarter of 2007<sup>6</sup>.

Given the positive outlook, the Manager expects to deliver an annualised distribution of 7.58 cents for the current financial year, which is in line with forecasts.

#### **Distribution to Unitholders**

MI-REIT will pay a DPU of 1.86 cents on 29 November for the period from 1 July 2007 to 30 September 2007. The books closure date to determine the entitlement to the 2QFY08 DPU is 2 November 2007.

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The Sole Financial Advisor and Global Co-ordinator for the IPO is UBS AG, acting through its business group UBS Investment Bank.

This announcement has been prepared and released by MacarthurCook Investment Managers (Asia) Limited, as manager of MacarthurCook Industrial REIT. UBS Investment Bank as Sole Financial Advisor and Global Coordinator of the IPO, is not required to and has not been involved in the preparation or release of this announcement and has not verified the accuracy, completeness or adequacy of the information contained herein. UBS Investment Bank does not accept any responsibility for, and disclaims any liability with respect to, the accuracy, completeness or adequacy of the information contained in this announcement or incorporated by reference herein.

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<sup>6</sup> Colliers International, "The Knowledge Report – Singapore – Property Market Overview", October 2007

## **About MacarthurCook Industrial REIT**

MacarthurCook Industrial REIT listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2007. As at 24 October 2007, MI-REIT's portfolio comprises 15<sup>7</sup> high-quality industrial assets across Singapore, including Plot 4A, International Business Park, which is currently under development. The largest property in the portfolio is UE Technology Park at 8 and 10 Pandan Crescent, which was acquired for S\$115 million. The properties in MI-REIT have a combined value of \$480.1 million (as at 24 October 2007).

Managed by MacarthurCook Investment Managers (Asia) Limited, MI-REIT's investment policy is to invest primarily in industrial real estate assets in Singapore, and across wider Asia, specifically in markets such as Japan, Hong Kong, Malaysia, Korea and China. The Manager's key objectives are to deliver secure, stable distributions to unitholders, as well as providing long-term capital growth.

MacarthurCook Limited owns 92.5% of the Manager, with the remaining 7.5% owned by United Engineers Development Pte Ltd, a wholly owned subsidiary of United Engineers Limited.

## **About MacarthurCook Limited**

MacarthurCook Limited ("MCK") is an Australian Stock Exchange listed company with offices in Australia and Singapore, specialising in the investment management of direct property, real estate securities and mortgage assets.

MacarthurCook manages approximately A\$1.5 billion on behalf of over 25,000 investors. MacarthurCook is the investment manager for 13 funds including: MacarthurCook Industrial REIT, MacarthurCook Industrial Property Fund, MacarthurCook Office Property Trust, MacarthurCook Retail Property Trust, MacarthurCook Diversified Property Income Fund, MacarthurCook Mortgage Fund, Advance Mortgage Fund, MacarthurCook Property Securities Fund, MacarthurCook Asian Real Estate Securities Fund, Advance Property Securities Fund, RMR Asia Pacific Real Estate Fund and RMR Asia Real Estate Fund. MacarthurCook Limited is a quality endorsed company having achieved accreditation to the ISO 9001:2000 international standard in the areas of Client Services, Mortgage Administration, Direct Property and Real Estate Securities.

The MacarthurCook Property Securities Fund is listed on the Australian Stock Exchange and the Singapore Exchange. The MacarthurCook Asian Real Estate Securities Fund is listed on the Australian Stock Exchange. The MacarthurCook Industrial REIT is listed on the

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<sup>7</sup> Includes the announced acquisitions of Plot 4A International Business Park and 7 Clementi Loop, which are pending completion, and also the completed acquisition of 541 Yishun Industrial Park A.

Singapore Exchange. The RMR Asia Pacific Real Estate Fund and RMR Asia Real Estate Fund are both listed on the American Stock Exchange.

The Company has approximately 1,000 shareholders, the largest of which are Ascalon Capital Managers Limited, an associate of the St George Banking Group with about 18 per cent, and MacarthurCook directors and senior executives, who hold 15 per cent. In 2005 and 2006 BRW magazine named MacarthurCook as one of Australia's fastest-growing companies in its Fast 100 list.

## **IMPORTANT NOTICE**

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units

The value of Units and the income derived from them may fall as well as arise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of MI-REIT may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The information in this Announcement must not be published outside the Republic of Singapore and in particular, but without limitation, must not be published in any United States edition of any publication.

This Announcement 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.