


MACARTHURCOOK

INDUSTRIAL

reit

FY2009 Financial Results Presentation

22 May 2009



Important Notice

This Presentation is focused on comparing actual results for the financial period from 1 April 2008 to 31 March 2009 (“FY2009”) and 1 January 2009 to 31 March 2009 (“4Q 2009”) versus actual results year-on-year (“y-o-y”) and quarter-on-quarter (“q-o-q”). This Presentation shall be read in conjunction with MacarthurCook Industrial REIT’s (“MI-REIT”) results for 4Q 2009 as per the SGXNet Announcement.

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Agenda

- 1. Key Highlights**
- 2. Financial Performance**
- 3. Capital Management**
- 4. Portfolio Management**
- 5. Outlook**
- 6. MacarthurCook Limited**

MI-REIT Key Highlights

- **MI-REIT Distributions:**
 - **FY2009** distributable income of S\$23.4 million, up 19.4% y-o-y
 - **FY2009** distribution per unit (“DPU”) of 8.925 cents, up 18.7% y-o-y
 - **4Q 2009** distributable income of S\$5.0 million, down 13.9% y-o-y
 - **4Q 2009** distribution per unit (“DPU”) of 1.875 cents, down 15.5% y-o-y;
- **Net asset value** as at 31 March 2009: S\$1.09 per unit
- **Property portfolio:** 21 properties valued at S\$530.3 million¹, as at 31 March 2009
- **Portfolio was 98.64% occupied** as at 31 March 2009
- **Weighted average portfolio lease to expiry** of 4.55 years.
- **Gearing:** 41.2% as at 31 March 2009

¹ With the exception of Asahi Ohmiya warehouse in Japan, all of MI-REIT’s properties were revalued by Colliers International on 31 March 2009. An internal valuation for Asahi Ohmiya warehouse was obtained as at 31 March 2009, following the last independent valuation by CB Richard Ellis on 12 November 2008.

MI-REIT Key Highlights (Continued)

■ Capital Management:

- Announced today that MI-REIT has achieved a credit approval for an extension of its existing drawn Singapore debt facility of S\$202.3 million (the “Facility”) to 31 December 2009 with an all in interest margin of 5% per annum.
- This extension of the Facility gives MI-REIT additional time to secure a longer term refinance of its debt, a process in which the Manager is actively engaged.
- The Manager, together with its adviser Standard Chartered Bank Limited, has embarked on a rigorous examination of the optimal capital structure for MI-REIT and on a series of initiatives that seek to progressively reduce MI-REIT’s leverage ratio, from 41.2% as at 31 March 2009 to 30-35% over time by obtaining the optimal combination of debt and equity. These capital management initiatives are intended to strengthen MI-REIT’s financial profile and to give it financial flexibility.
- Commenced discussions in relation to the refinance of MI-REIT’s Japanese debt facility of JPY 1.5 billion (SGD: 23.139 million), which expires on 18 December 2009.

Distribution Details

Stock Counter	Distribution Period	Distribution per unit (\$\$ Cents)
MacCookIReit	1 January 2009 to 31 March 2009	1.875

Distribution Timetable

Ex-Date: **1 June 2009, 9.00am**
(Units will be traded ex-distribution)

Books Closure Date: **3 June 2009, 5.00pm**

Distribution Payment Date: **29 June 2009**

Financial Performance

DPU – FY2009 is 18.7% higher than FY2008

	FY2009 S\$'000	FY2008 S\$'000	Variance	FY2009 S\$'000	Variance
	Actual	Actual	(%)	Forecast ¹	(%)
Gross Revenue	50,827	32,214	+57.8	35,373	+43.7
Net Property Income	36,856	24,824	+48.5	25,079	+47.0
Total return after income tax and minority interest, before distribution ²	(26,988)	52,969	>(100)	19,803	>(100)
Amount Available for Distribution	23,421	19,611	+19.4	19,804	+18.3
Distribution to Unitholders ³	23,421	19,611	+19.4	19,804	+18.3
DPU (S\$ Cents) ⁴	8.925	7.52	+18.7	7.59	+17.6

Footnotes:

1. Based on the forecast for FY2009 in the IPO Prospectus dated 12 April 2007.
2. Includes the following: (a) A S\$20 million provision for onerous contract in respect of the Put and Call Agreement entered into in August 2007 to purchase a property at Plot 4A International Business Park for S\$91 million upon issuance of its temporary occupation permit. Investment sentiment has since changed as a result of the global credit crunch and economic slowdown. Change in market conditions have meant that the fair value of the property is lower than the contracted amount. Consequently, a provision for onerous contract of S\$20 million has been recognised in the Statements of Total Return. (b) Net loss on the revaluation of investment properties in FY2009 of S\$29.99 million (FY2008 gain on revaluation of investment properties of S\$37.01 million).
3. MI-REIT's distribution policy is to distribute at least 90% of the Trust's taxable income for the full financial year. For FY2009, the Manager has resolved to distribute 100% of the taxable income available for distribution to the Unitholders. 4Q2009 distribution to unitholders includes S\$1.4 million retained in previous quarters in FY2009.
4. Number of units entitled to distribution used to calculate DPU for the following financial periods ('000): 266,385 (FY2009), 260,754 (FY2008) and 260,930 (Forecast FY2009).

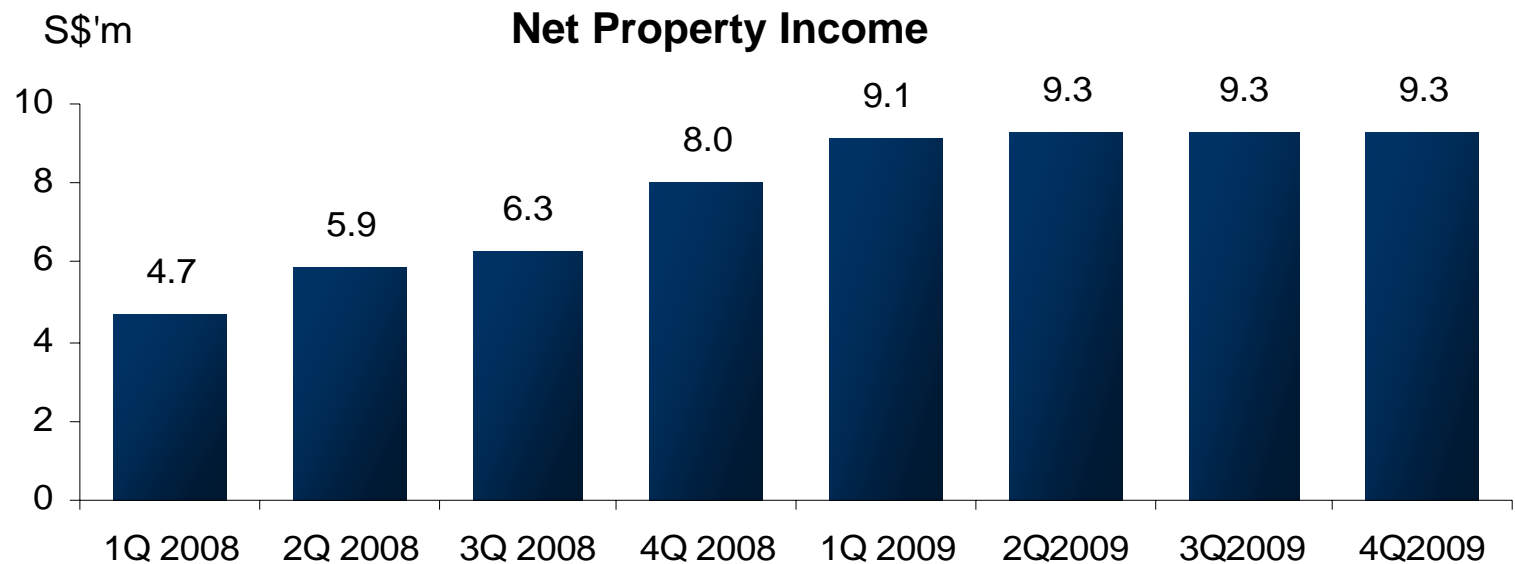
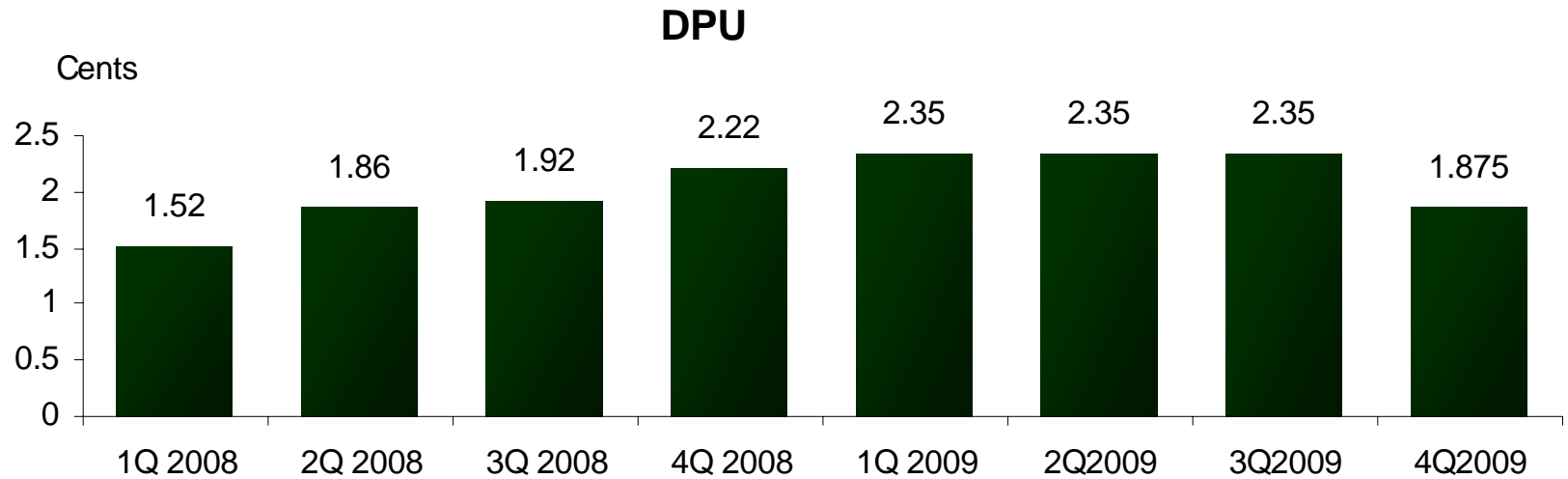
DPU – 4Q2009 vs 4Q 2008 vs forecast

	4Q2009 S\$'000	4Q2008 S\$'000	Variance	4Q2009 S\$'000	Variance
	Actual	Actual	(%)	Forecast ₁	(%)
Gross Revenue	13,065	10,852	+20.4	8,852	+47.6
Net Property Income	9,272	8,017	+15.7	6,270	+47.9
Total return after income tax and minority interest, before distribution ²	(36,760)	2,156	>(100)	4,957	>(100)
Amount Available for Distribution ³	3,559	5,801	(38.6)	4,961	(28.3)
Release of distribution retained in 1Q - 3Q2009	1,436	-	NM	-	NM
Distribution to Unitholders	4,995	5,801	(13.9)	4,961	+0.7
DPU (S\$ Cents) ⁴	1.875	2.22	(15.5)	1.9	(1.3)

Footnotes:

1. Based on the forecast for FY2009 in the IPO Prospectus dated 12 April 2007.
2. Includes the following: (a) A S\$20 million provision for onerous contract in respect of the Put and Call Agreement entered into in August 2007 to purchase a property at Plot 4A International Business Park for S\$91 million upon issuance of its temporary occupation permit. Investment sentiment has since changed as a result of the global credit crunch and economic slowdown. Change in market conditions have meant that the fair value of the property is lower than the contracted amount. Consequently, a provision for onerous contract of S\$20 million has been recognised in the Statements of Total Return. (b) Net loss on the revaluation of investment properties of S\$1.63 million).
3. MI-REIT's distribution policy is to distribute at least 90% of the Trust's taxable income for the full financial year. For FY2009, the Manager has resolved to distribute 100% of the taxable income available for distribution to the Unitholders. 4Q2009 distribution to unitholders includes S\$1.4 million retained in previous quarters in FY2009.
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DPU and Net Property Income



FY2009 Distributions to Unitholders supported by:

Secure income stream

- Secure income stream from strong and diversified tenant profile
 - Portfolio is 98.64% occupied
 - 65.0% of rental income from publicly listed tenants (or subsidiaries of publicly listed companies)¹
 - Security deposits on all properties
 - Built-in rental escalations for nineteen of the properties

Long average lease duration

- Relatively long average lease duration of 4.55 years as at 31 March 2009
 - Only 0.3% of MI-REIT's rental income is subject to lease expiry in FY2010

Limited interest rate risk

- Hedging policy in place to minimise interest rate exposure through an interest rate swap.

Distribution policy²

- Distributed 100% of taxable income available for distribution in FY2009.

¹ United Tech Park Pte Ltd, Ossia International Ltd, GRP Limited, E-HUB Metals Pte Ltd, Cimelia Resource Recovery Pte Ltd, KTL Global Limited, Builders Shop Pte Ltd, Xpress Print (Pte) Ltd, Powermatic Data Systems Limited, Mediceo Medical

² Distribute at least 90% of taxable income for the full financial year

Capital Management

Balance Sheet

	31 March 2009	31 March 2008
Total Assets (S\$'M)	544.0	569.3
Comprising (S\$'M):		
- Investment Properties	530.3	555.4
- Cash and Cash Equivalents	10.0	9.6
- Trade and Other Receivables	3.7	3.1
Total Liabilities (S\$'M)	254.9	231.7
Net Assets attributable to Unitholders (S\$'M)	289.0	337.6
NAV per unit	S\$1.09	S\$1.29
Gearing	41.2%	39.0%
Total Debt ¹ (S\$'M)	224.4	222.0

	Year ended 31 March 2009	Year ended 31 March 2008
Interest Expense (S\$'000) ²	3,998.7	2,000.9
Interest Coverage Ratio ³	7.4 times	9.8 times

Footnotes:

1. Interest-bearing borrowings before adjustment for unamortized borrowing costs.
2. Interest expense is calculated net of interest income/expenses received/paid from derivative financial instruments.
3. Ratio of EBITDA over interest expense.

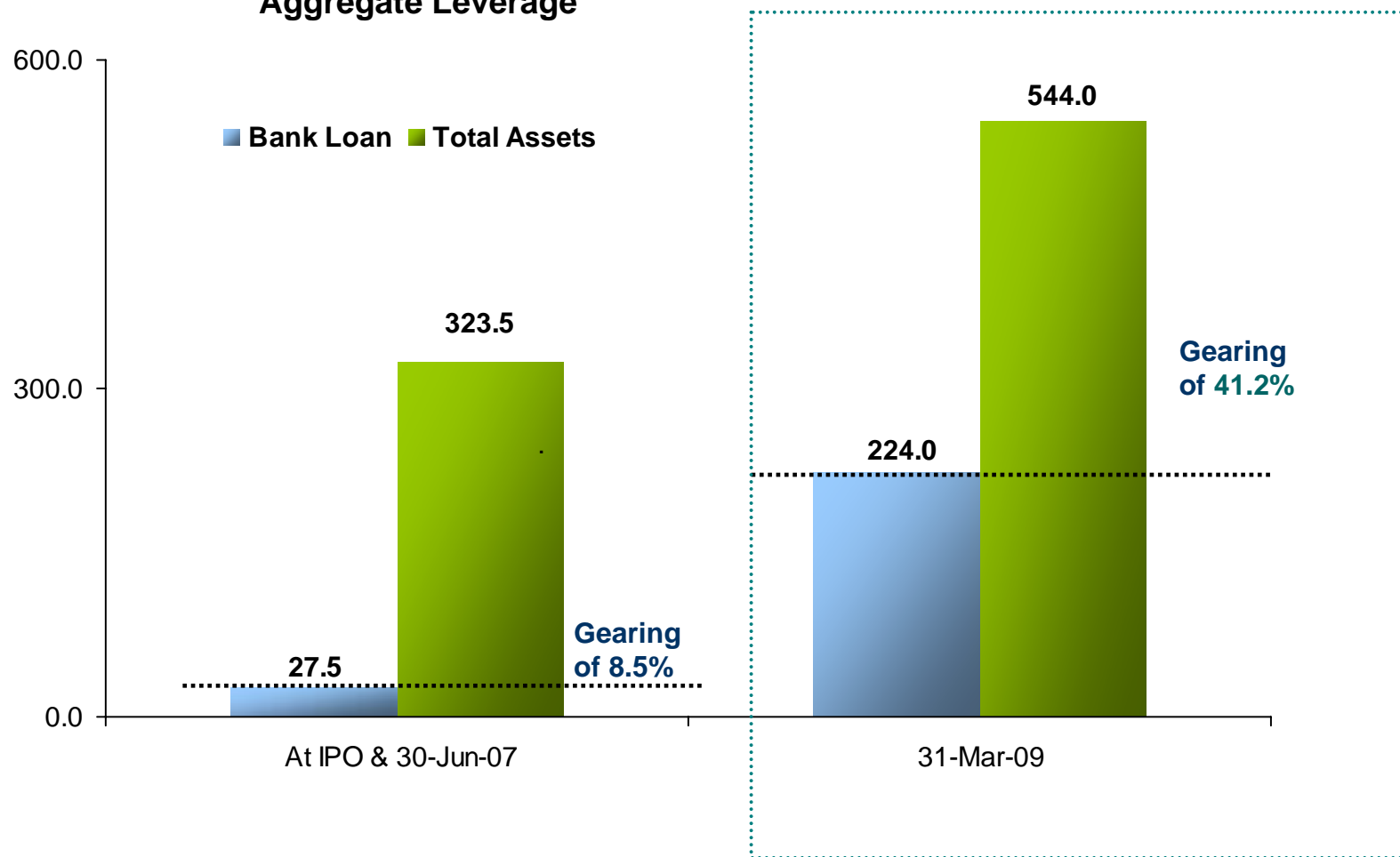
Debt and Gearing Profile

Gearing of 41.2% as at 31 March 2009

Total debt facility of S\$243.9 million

S\$m

Aggregate Leverage



Capital Management

- Announced on 22 May 2009 that MI-REIT had achieved credit approval for an extension of its existing drawn Singapore debt facility to 31 December 2009, with an all in interest margin of 5% per annum. This extension gives MI-REIT additional time to secure a longer term debt refinance.
- The Manager, together with its adviser Standard Chartered Bank Limited, has embarked on a rigorous examination of the optimal capital structure for MI-REIT and on a series of initiatives that seek to progressively reduce MI-REIT's leverage ratio, from 41.2% as at 31 March 2009 to 30-35% over time by obtaining the optimal combination of debt and equity. These initiatives are intended to strengthen MI-REIT's financial profile and to give it financial flexibility.
- Commenced discussions in relation to the refinance of the Japan debt facility.

■ MI-REIT's funding position after the above extension

Banks / Financial Institutions	Term Loan (S\$m)	Due Date	Drawdown (S\$m) As at 31 March 09
Singapore Debt	202.3	31 December 2009	201.3
Japan Debt	23.1 (JPY 1.5 billion)	18 December 2009	23.1

■ Interest Rates

➤ Singapore debt facility

- Entered into 3 year interest rate swap on S\$100m (until 10 Feb 2011), pay fixed at 1.905%
- The interest rate on the balance of the Singapore debt remains floating, following the 31 March 2009 expiry of an interest rate cap. Management is considering the hedging options in respect of this portion.

➤ Japan debt facility

- Fixed interest rate at 1.97% (inclusive of bank's margin)

Portfolio Management

A Resilient Portfolio

As at 31 March 2009, MI-REIT's rental income continues to be supported by the following factors:

- Portfolio is 98.64% occupied;
- 65.0% of rental income derived from companies that are publicly listed or are subsidiaries of publicly listed companies;
- 18 properties acquired in sale and lease-back transactions; a greater degree of financial due diligence is conducted on the tenants and their ability to meet the lease commitments;
- 19 properties have head lease arrangements with strong covenants;
- 13 properties have subtenant arrangements which provide additional income protection;
- Security deposits on all of the properties;
- Built-in rental escalations for 19 of the properties support organic rental growth;
- Successful re-leasing activity to replace short-term leases over the last year;
- Tenant diversification, with no single tenant contributing more than 20.2% of rental income;
- Strong lease expiry profile: weighted average lease term to expiry (WALE) of 4.55 years;
- Flexible layouts / high building specs increase properties' attractiveness to wide range of tenants;
- Diversification across the main industrial sub-sectors.

MI-REIT's Portfolio as at 31 March 2009

	Property / Address	Fair Value as at 31 March 2009 (S\$m) ¹	Fair Value as at 31 March 2008 (S\$m)
Warehouse & Logistics Total: S\$334.8 m Percentage: 62.8%	8 & 10 Pandan Crescent	131.3	137.9
	31 Admiralty Road	14.2	14.8
	10 Changi South Lane	33.5	35.4
	23 Changi South Avenue 2	22.5	23.6
	103 Defu Lane 10	13.8	14.5
	61 Yishun Industrial Park A	23.6	24.6
	11 Changi South Street 3	20.2	20.8
	Asahi Ohmiya Warehouse	32.4	30.8
	7 Clementi Loop	16.8	18.3
	15 Tai Seng Drive	26.5	27.7
Manufacturing Total: S\$183.7 m Percentage: 34.4%	1 Bukit Batok Street 22	22.5	23.0
	20 Gul Way	43.8	46.0
	3 Tuas Avenue 2	21.9	23.0
	8 & 10 Tuas Avenue 20	12.2	13.0
	8 Senoko South Road	12.0	12.7
	10 Soon Lee Road	9.4	9.8
	1 Kallang Way	13.4	14.0
	135 Joo Seng Road	23.3	25.4
	26 Tuas Avenue 7	9.3	9.1
	541 Yishun Industrial Park A	15.9	16.8
Research & Technology Total: S\$14.8 m Percentage: 2.8%	2 Ang Mo Kio Street 65	14.8	15.5
	Total Portfolio Value	533.3	556.7
	Adjustment for the effect of: -Straight-lining of rental income and other adjustments	(3.0)	(1.3)
	Total Carrying Amount	530.3	555.4

¹ External valuations were prepared by Colliers for MI-REIT's Singapore properties as at 31 March 2009. The Asahi Ohmiya warehouse was internally valued as at 31 March 2009, after consideration of the independent valuation of 12 November 2008.

Security of Income Stream

1) Head Lease Arrangements

- The portfolio is 98.64% occupied, with 19 properties in the portfolio under head lease arrangements
- 18 properties were acquired in sale and lease-back transactions, which allow a greater degree of financial due diligence to be conducted on the tenants and their ability to meet the lease commitments

2) Subtenants provide additional income protection

- 13 of the properties have additional sublease arrangements, which have been approved by the relevant authorities (JTC, HDB, Ascendas) under the head leases
- These provide an additional extra layer of income protection as both the occupier and the head lessee have a financial commitment
- MI-REIT has the right to take over existing sub-tenancies upon the expiry of the head lease

3) Security Deposits

- All of the properties in the MI-REIT portfolio are supported by security deposits (in the form of cash or bankers' guarantees)
- As at 31 March 2009, the deposits ranged from three months rental to twenty two months rental, with an average of 10 months rental per property for the portfolio.
- The majority of the properties (17) have security deposits of 6 months rental or more

Security Deposits	3 months rental or less	6 months rental	10 months rental	12 months rental	14 months rental	15 months rental	18 months rental	22 months rental
Number of Properties	4	5	1	6	1	1	2	1

Organic Rental Growth

Built-in Rental Escalations

- 19 of the properties have contracted rental escalations staggered throughout their leases;
- 17 of the properties have escalations that range from 2.5% to 8.0%, whilst one has annual escalation of 1.5% and another at Consumer Price Index;
- The following rental income escalations took place at the start of FY2009:
 - ✓ 23 Changi South Avenue 2 – 2.5% rental increase (Year 2)
 - ✓ 1 Bukit Batok Street 22 - 1.5% rental increase (Annual increase)
- Rental escalations for the following are scheduled to take place in FY2010:

✓ 31 Admiralty Road – 5% rental increase	✓ 10 Changi South Lane – 3.25% rental increase
✓ 3 Tuas Avenue 2 – 5% rental increase	✓ 1 Kallang Way 2A – 3.0% rental increase
✓ 8 & 10 Tuas Avenue 20 – 5% rental increase	✓ 135 Joo Seng Road – 5.0% rental increase
✓ 10 Soon Lee Road – 5% rental increase	✓ 7 Clementi Loop – 5.0% rental increase
✓ 26 Tuas Avenue 7 – 5% rental increase	✓ 1 Bukit Batok Street 22 -1.5% annual rental increase

Rental Growth through Lease Renewal Activity

- During the year to 31 March 2009, re-leasing activities to replace short term leases at the multi-tenanted 15 Tai Seng Drive were successful;
- New 2 to 3 year leases have been entered into at rental rates in excess of S\$1.40 psf, compared to previous rentals at S\$0.85 – S\$1.00 psf.

A Focused Investment Approach

MI-REIT's investment objectives continue to be supported by our three pronged investment strategy*

Strategy	Investment Objectives
Prudent capital and risk management strategy	<ul style="list-style-type: none"> ■ Maintain a strong balance sheet and reduce debt to a sustainable long term gearing level ■ Manage exposure to interest rate and foreign exchange risk
Active asset management strategy	<ul style="list-style-type: none"> ■ Maintain maximum committed occupancy for our portfolio (98.64% occupied as at 31 March 2009) ■ Increase the competitive positioning of the Trust's assets to improve returns (i.e. regular maintenance of buildings) ■ Continue to secure strong rental reversions from our short term tenancies at 15 Tai Seng Drive ■ Optimize yield by extracting greater value from the existing portfolio (i.e. via potential increases to NLA)
Acquisition growth strategy*	<ul style="list-style-type: none"> ■ Seek the acquisition of strategic assets that enhance the Trust's earnings and profile ■ Resume our active acquisition growth strategy once capital market conditions improve ■ Maintain sector specialisation, but diversify geographically in other Asian markets

* The Manager is currently focused on the capital structure of MI-REIT and on the active management of MI-REIT's industrial real estate assets. It will resume its acquisition growth strategy when capital market conditions improve.

Built-in Rental Escalations Support Organic Growth

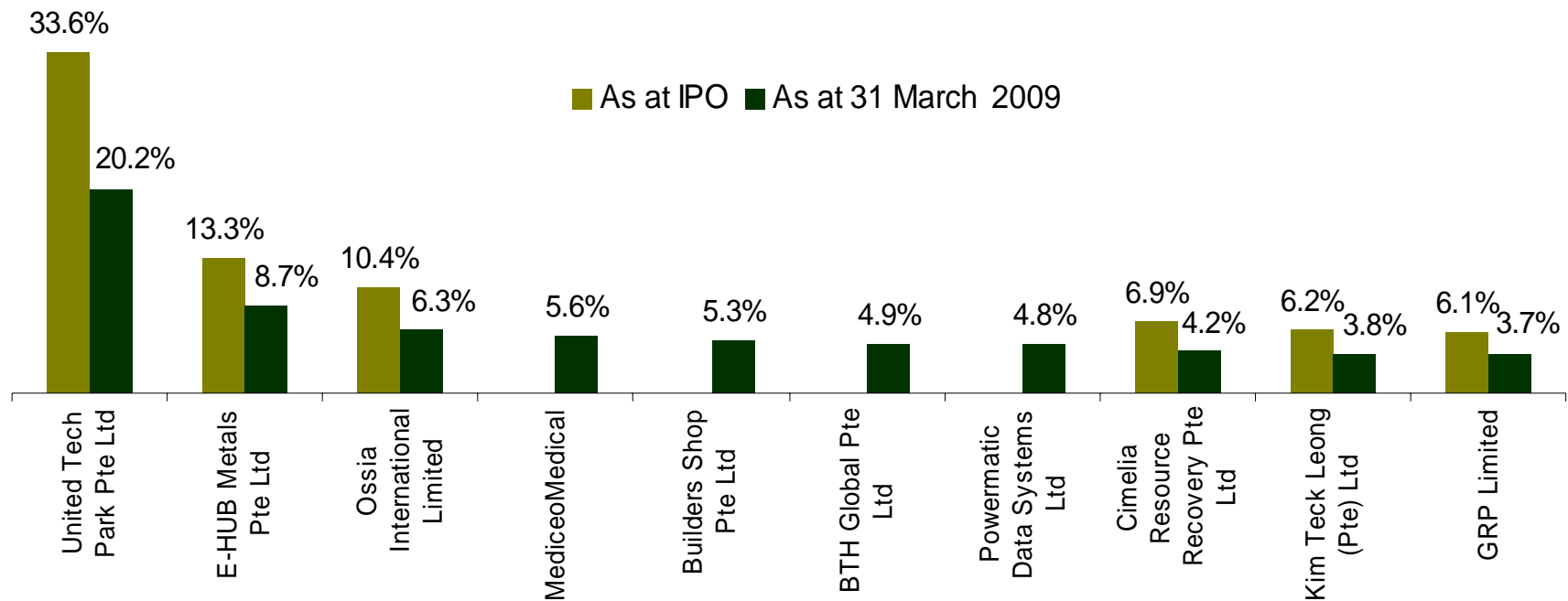
Property	Year of Lease commencement	Year of Rental Escalation from Lease Commencement Date	% of Rental Escalation per Year
1	FY2008	Annual	1.50%
2	FY2008	Year 2	2.50%
3	FY2008	Years 3,5,7	3.00%
4	FY2008	Year 3, 5	3.25%
5	FY2008	Years 3, 5	5.00%
6	FY2008	Year 3,5,7,9	5.00%
7	FY2008	Years 3,5	5.00%
8	FY2008	Years 3,5,7	5.00%
9	FY2008	Years 3,5,7,9	5.00%
10	FY2008	Years 2,4	5.00%
11	FY2008	Years 2,4	5.00%
12	FY2008	Year 3	5.00%
13	FY2008	Year 3,5	5.00%
14	FY2008	Years 4,7	6.00%
15	FY2008	Years 4,7, 10	7.00%
16	FY2008	Year 4	7.50%
17	FY2008	Years 4, 7, 10	7.50%
18	FY2008	Year 4,7,10	8.00%
19	December 2004 (Novation to MI-REIT on 17 Dec 2007)	Years 7,8,9,10	CPI Index

¹ The leases for 15 Tai Seng Drive and the Asahi Ohmiya Warehouse in Japan are not subject to rental escalation clauses.

Greater Diversification By Rental Income¹

- MI-REIT's tenant diversification has improved, with no single tenant contributing more than 20.2% of rental income as at 31 March 2009. This compares to 33.6% at listing.
- Top 10 tenants accounted for 67.3% of the total portfolio income as at 31 March 2009, compared to 94.2% as at the initial public offer.

Top 10 Tenants by Rental Income

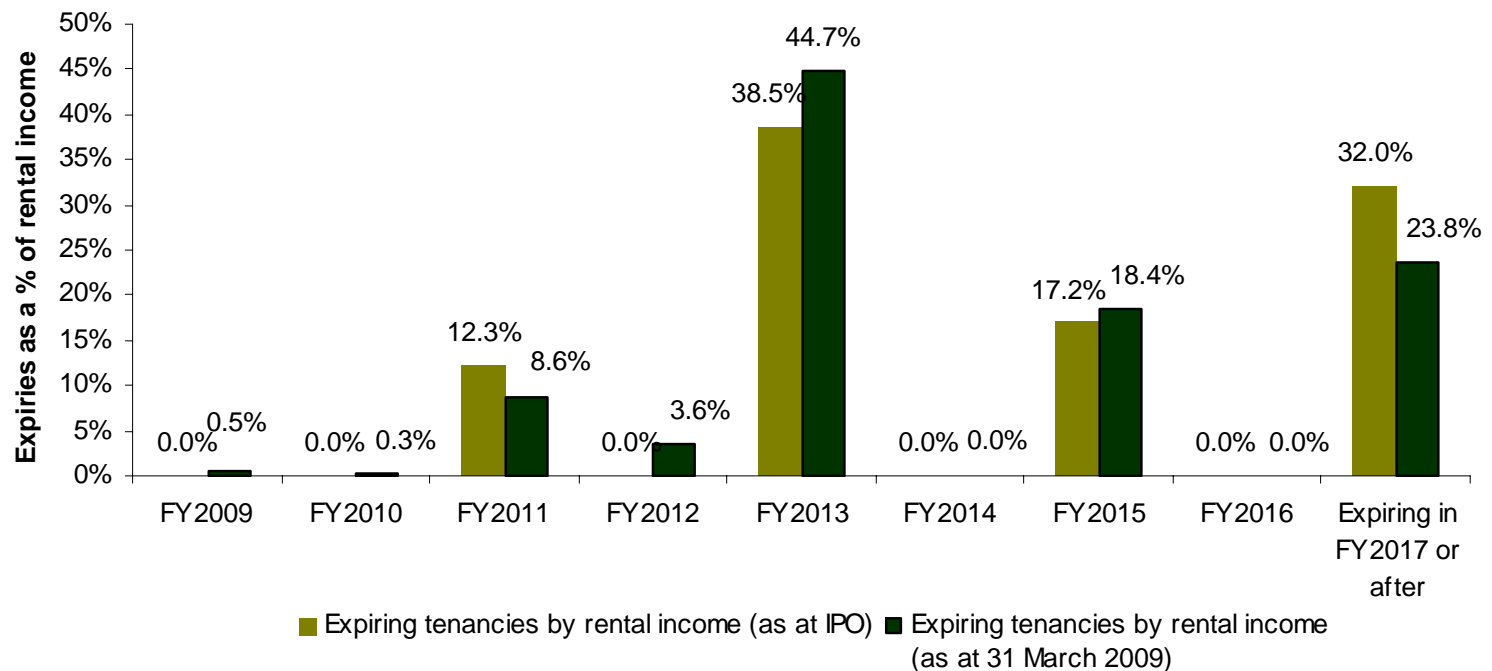


1) Rental income is the contractual rent receivable under the lease arrangement, with or to be entered into, with the tenants (after rent rebates and provisions for rent-free periods).

Balanced Lease Expiry Profile

- Income stability from relatively long average lease duration
 - Only 0.3% of rental income is subject to lease expiry in FY2010
 - The majority of leases do not expire until FY2013 (44.7%), FY2015 (18.4%) and FY2017 and after (23.8%)

Lease Expiry Profile by Rental Income

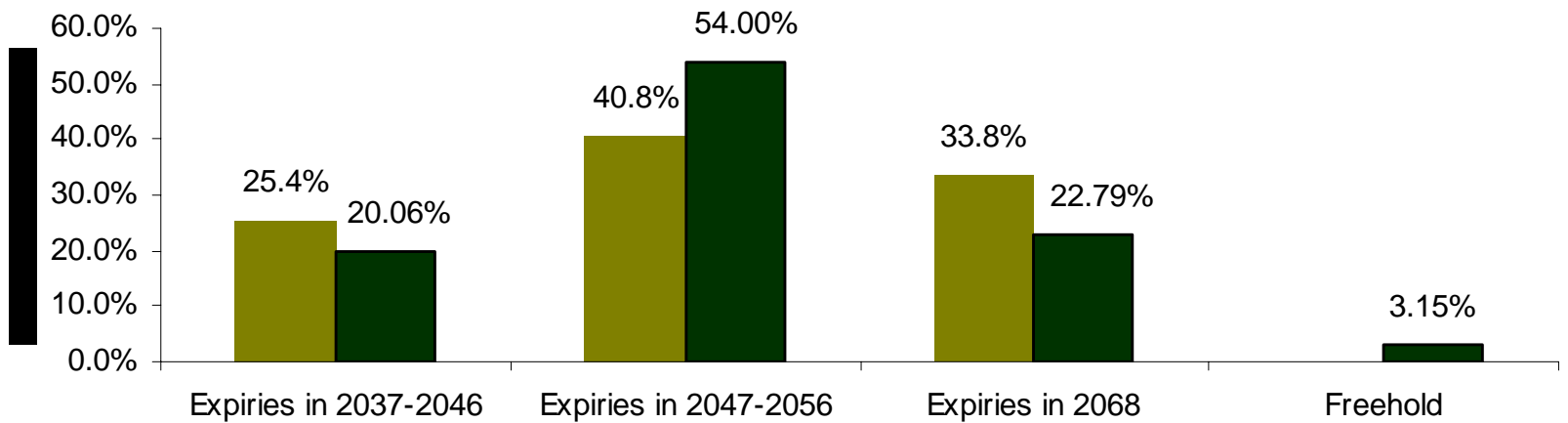


	Initial Portfolio of 12 Properties (As at IPO)	Portfolio of 21 Properties (As at 31 March 2009)
Weighted average lease term to expiry	6.7 years	4.6 years

Long Leasehold For Underlying Land

Remaining years to expiry of underlying land

■ 12 properties as at IPO ■ 21 properties as at 31 March 2009



	Initial Portfolio of 12 Properties (As at IPO)	Portfolio of 21 Properties (As at 31 March 2009)
Weighted average of unexpired lease term of underlying land	47.8 years	42.6 years

Singapore Portfolio

Presence throughout key industrial precincts

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

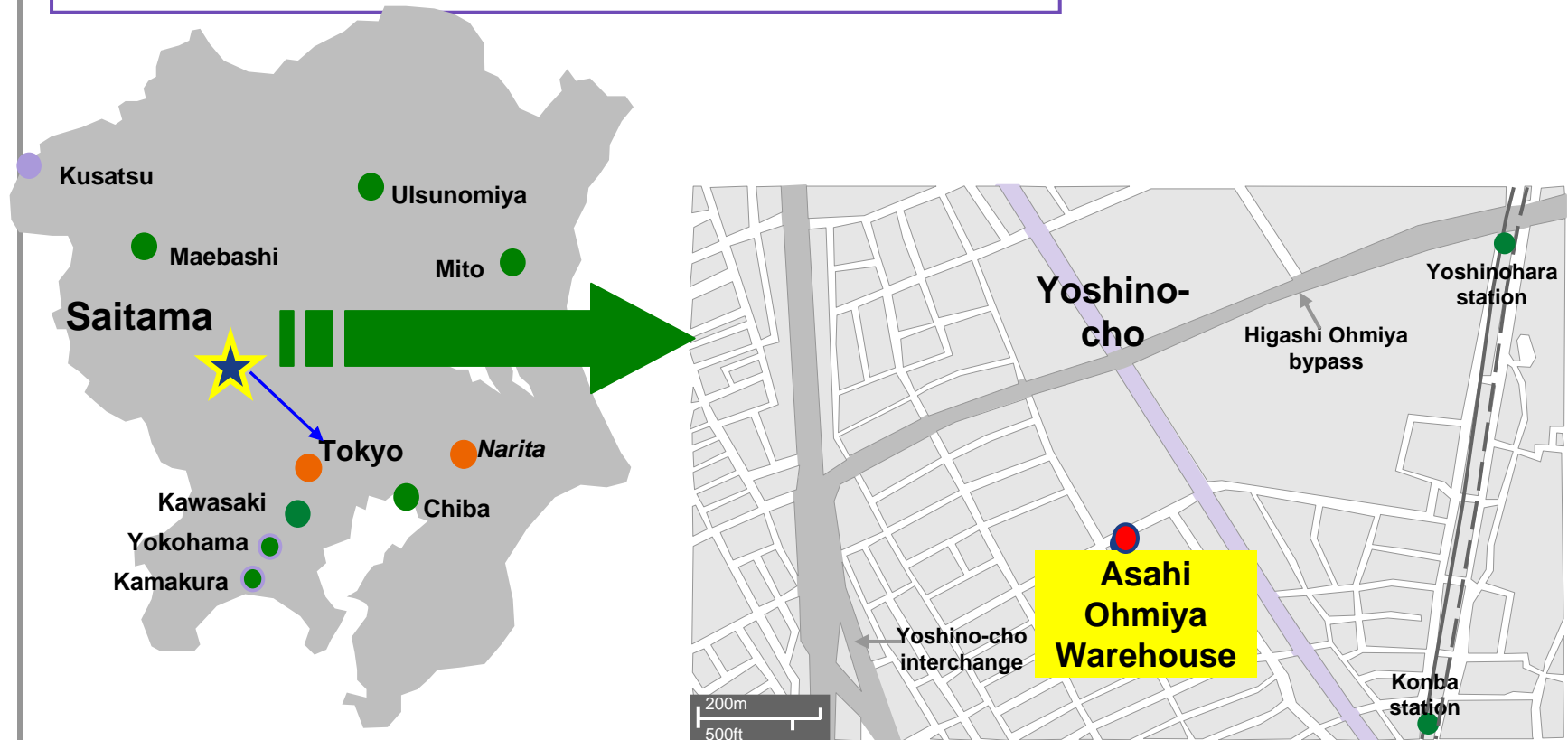
- 19 2 Ang Mo Kio Street 65
- 20 15 Tai Seng Drive



And in Japan

Asahi Ohmiya Warehouse

Address: 1-398-3, 11, 13 Yoshinocho, Kita-Ku,
Saitama City, Japan



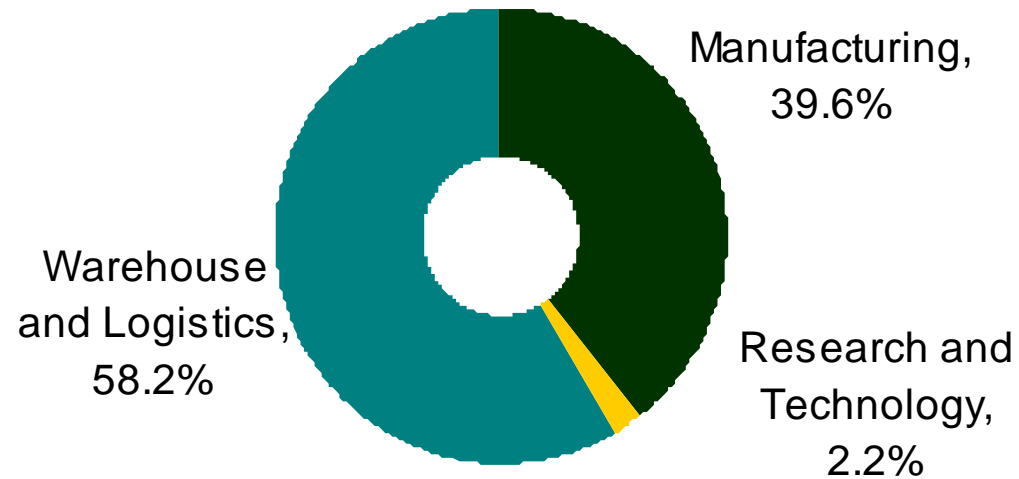
750 m away to Konba Station of
Saitama Shintoshikoutuu New Shuttle Line
Approximately 35 km northwest of central Tokyo

Portfolio Diversity and Strength

Well diversified Portfolio by Property Usage
98.64% occupied as at 31 March 2009

Property Usage by Net Lettable Area

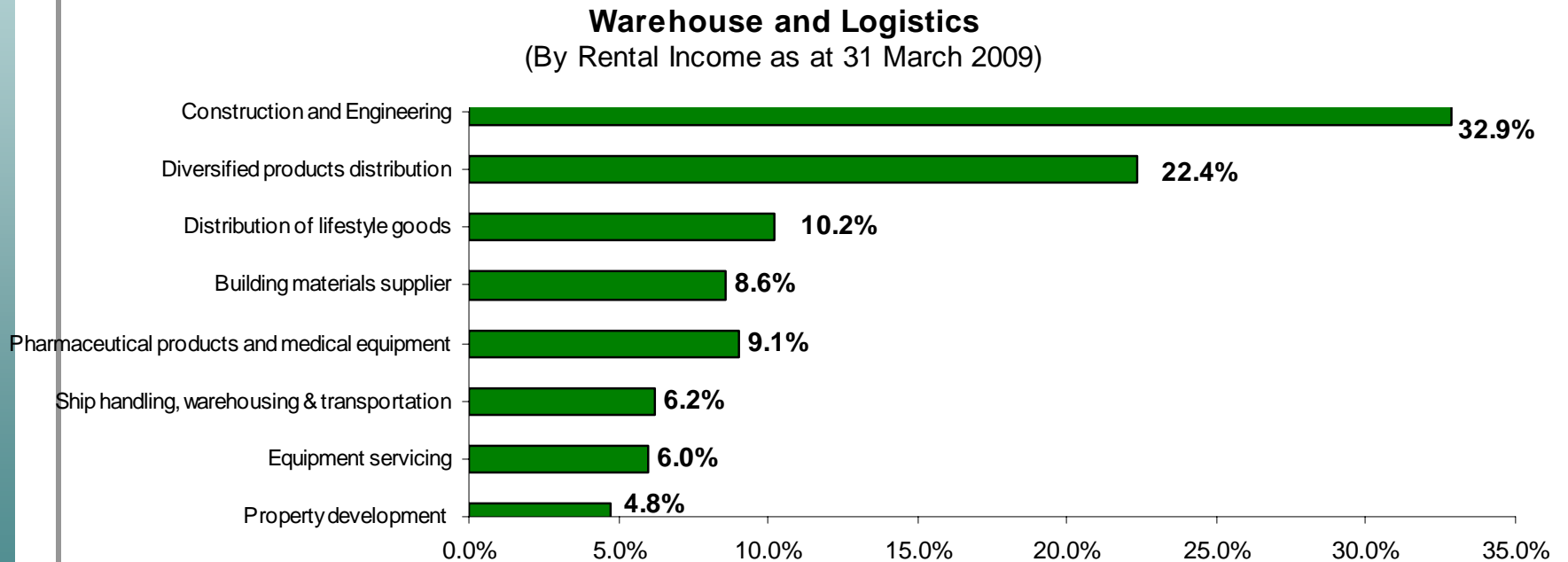
(As at 31 March 2009)



Portfolio Diversity and Strength

Diverse Tenant Industry Mix: Warehouse and Logistics By Rental Income as at 31 March 2009

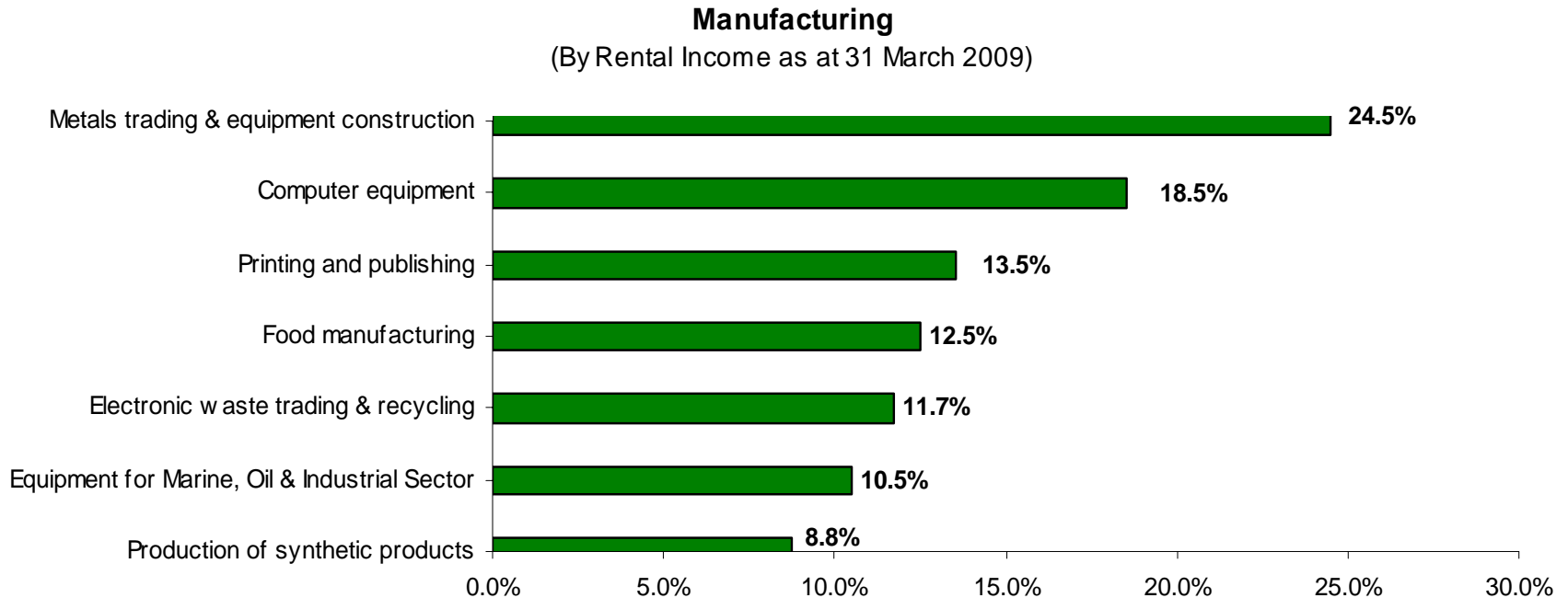
- Approximately 61.4% of YTD rental income is contributed by tenants who are engaged in warehousing and logistics.



Portfolio Diversity and Strength

Diverse Tenant Industry Mix: Manufacturing By Rental Income as at 31 March 2009

- Approximately 35.6% of YTD rental income is contributed by tenants who are engaged in manufacturing.



Diverse Tenant Industry Mix: Research and Technology By Rental Income as at 31 March 2009

- Approximately 3.0% of YTD rental income is contributed by a tenant who is engaged in cosmetics research and production.

Outlook

Outlook for the Singapore and Japanese economy

- The Singapore economy grew by 1.1% for the year 2008 versus 7.7% growth in 2007. However, in April 2009, advance estimates by Singapore's Ministry of Trade and Industry ("MTI") forecast a GDP contraction of 6.0% to 9.0% in 2009¹.
- To alleviate the impact of the global recession, the Singapore Government announced in its Budget 2009 initiatives to enhance business cashflow and competitiveness such as:
 - A 40% property tax rebate for industrial and commercial properties and a 15% rental rebate for Jurong Town Corporation (JTC), Housing Development Board (HDB) and Singapore Land Authority (SLA) managed properties.
 - In addition, in January 2009, JTC announced a 15% rental rebate for its 7,700 tenants. Other positive measures include the lifting of the 50% cap on sub-letting JTC properties until 31 December 2011².
- On 27 April 2009, the Japanese government revised its forecast for Japan's economy downwards by 3.3% in the year to next March, with sharply lowered forecasts for industrial output and exports³.
- The Japanese government unveiled its JPY15.4 trillion (US\$158.5 billion) stimulus package with the hopes that it will raise economic activity by 1.9 percentage points³.

Source:

[1] "MTI Revises Forecasts for 2009 GDP Growth to -9.0 to -6.0%", 14 April 2009.

[2] CB Richard Ellis, MarketView Singapore, 1st quarter 2009

[3] Reuters, "Japan revises growth forecasts sharply lower", 27 April 2009.

Outlook for Industrial Property Market in Singapore

Singapore

- Industrial capital values and rents have experienced downward pressure. In the first quarter of 2009, prices and rentals of multiple-user factory space contracted by 9.9% and 6.1%, while that of multiple-user warehouse space fell by 12.0% and 3.6% respectively¹.
- Average monthly rentals across all industrial subcategories continued to fall in the first quarter of 2009².
- Factory vacancies increased to 7.0% in the first quarter of 2009, compared with 6.6% in the fourth quarter of 2008, while warehouse vacancies fell to 7.0% in the first quarter of 2009 from 7.2% in the fourth quarter of 2008².

Japan³

- Investment activity in the Japanese industrial sector had been affected significantly in 2008, due to the financial crisis and the expectation that capital values would fall further.
- Officially announced land prices in January 2009 showed declines across the board of 3.0% on a nationwide basis and 2.7% for Greater Tokyo.
- Land and capital values are forecast to ease by 3% to 5% and rents by 6% to 8% over the next twelve months.

Source

[1] CB Richard Ellis MarketView Singapore 1st quarter 2009

[2] Urban Redevelopment Authority, Singapore – 1st quarter 2009 and 4th quarter 2008 real estate statistics

[3] Asia Pacific Industrial Market Overview – Colliers – May 2009

Our View

- Given that Singapore and Japan's predominantly export dependent economies are experiencing contraction as major trade partners in the developed countries are well into recession, the Manager expects that the next twelve months will be challenging. Industrial tenants are not immune from the global downturn and MI-REIT's rental income may be affected if tenants' businesses are affected.
- However, the Manager is committed to its intense efforts to maintain its high tenant retention and occupancy levels.
- The Manager, together with its adviser Standard Chartered Bank Limited, has embarked on a rigorous examination of the optimal capital structure for MI-REIT and on a series of initiatives that seek to progressively reduce MI-REIT's leverage ratio, from 41.2% as at 31 March 2009 to 30-35% over time by obtaining the optimal combination of debt and equity. These capital management initiatives are intended to strengthen MI-REIT's financial profile and to give it financial flexibility.
- On 22 May 2009, the Manager that MI-REIT had achieved credit approval for an extension of its Singapore debt facility to 31 December 2009. This extension gives MI-REIT additional time to secure a longer term refinance of its debt. The Manager is also advanced in negotiations in relation to the Japanese facility maturing on 18 December 2009.
- With a higher cost of borrowing, the income available for distribution in the coming year is likely to be lower. However, barring any further unforeseen events or continued and significant deterioration in the external economic environment, the Manager expects rental income to remain stable and consistent.

MacarthurCook Limited

Over the year, MacarthurCook Limited (“MacarthurCook”) which owns 92.5% of the Manager, has taken these steps to strengthen its foundation in Asia as a specialist international real estate funds manager:

- Focusing on its core strategy and strengths of providing international investors with Asian real estate investment opportunities;
- Strengthened MacarthurCook’s Asian business in FY2009 with the appointments of:
 - Larry Mendelowitz as Chief Executive Officer of MacarthurCook – Asia
 - Nick McGrath as Chief Executive Officer of the Manager and Head of Real Estate Asia
 - Wee Lih Koh as Senior Investment Manager

In addition to existing management and property staff:

- Buck Kiau Tang – Senior Finance Manager, who is supported by two fund accountants
- Sue-Lyn Yeoh – Analyst
- Joanne Loh – Asset Manager

Thank You