



**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

### MacarthurCook Industrial REIT's fourth quarter distributable income of S\$5.8 million exceeds forecast by 19.9%

#### Highlights

- Distributable amount for the financial year ended 31 March 2008 of S\$19.6 million is 6.8% higher than forecast
- Distribution per unit ("DPU") of 2.22 cents for fourth quarter and 7.52 cents for the full year is 19.4% and 6.7% higher than forecast, respectively

#### Summary of MI-REIT's results for the financial year ended 31 March 2008

As at 31 March 2008	Forecast <sup>(1)</sup>	Actual	Variance	Forecast <sup>(1)</sup>	Actual	Variance
	19/4/07-31/3/08	19/4/07-31/3/08	(%)	1/1/08-31/3/08	1/1/08-31/3/08	(%)
Gross Rental Revenue (S\$'000)	31,578	32,214	+2.0	8,353	10,852	+29.9
Net Property Income (S\$'000)	22,596	25,120	+11.2	5,943	8,209	+38.1
Income available for Distribution (S\$'000)	18,359	19,611	+6.8	4,838	5,801	+19.9
Distribution per Unit("DPU")(Cents)	7.05	7.52	+6.7	1.86	2.22	+19.4
Annualised DPU (Cents)	7.41	7.91	+6.7	7.48	8.93	+19.4

<sup>(1)</sup>No comparisons against a corresponding period in the previous years can be made as no pro forma financials are available. SGX-ST had granted MI-REIT a waiver from the requirement to prepare historical pro forma statements for the purpose of its initial public offering on 19 April 2007. The forecasts are as stated in MI-REIT's Prospectus dated 12 April 2007.

**Singapore, 21 May 2008** – MacarthurCook Investment Managers (Asia) Limited (the "Manager"), the Manager of MacarthurCook Industrial REIT ("MI-REIT"), is pleased to announce a distribution per unit ("DPU") of 2.22 cents and distributable income of S\$5.8 million for the fourth quarter ended 31 March 2008 ("4QFY2008"), 19.4% and 19.9% higher than forecast, respectively. Net property income of S\$8.2 million for the quarter was 38.1% higher than forecast.

MI-REIT will pay the 4QFY2008 DPU of 2.22 cents on 26 June 2008. The annualised DPU of 7.91 cents for FY2008 exceeds forecast by 6.7% and translates to a distribution yield of 8.03%, based on the closing price of S\$0.985 per unit on 31 March 2008.

Mr Craig Dunstan, Chief Executive Officer of the Manager, said, “We are very pleased with MI-REIT’s strong financial results for the fourth quarter and the year. The 19.4% higher than forecast DPU for 4QFY08 was largely due to rental contributions from our acquisitions of nine yield accretive properties during the year. Of these nine properties, five were acquired during the fourth quarter, increasing MI-REIT’s total value of investment properties by 75.5% to S\$555.4 million from the initial portfolio value of S\$316.5 million.

Since MI-REIT’s listing in April 2007, we have successfully executed our strategy to grow MI-REIT through yield accretive acquisitions. Our presence has increased in the key industrial precincts of Singapore and also in Japan with the acquisition of the Asahi Ohmiya Warehouse.”

Net asset value of S\$1.29 per Unit exceeds the NAV at the initial public offer of S\$1.20 by 7.5%. This takes into account a net revaluation gain of S\$37.0 million on MacarthurCook Industrial REIT’s initial portfolio of 12 properties, which reflects the quality of the Trust’s portfolio and the strength of its underlying performance.

#### **Improved Income Stability and Portfolio Diversification through Acquisitions**

The inclusion of the nine properties has improved MI-REIT’s income diversification profile, with no single tenant contributing more than 20.3% of rental income for the month ended 31 March 2008, reducing MI-REIT’s reliance on any one property or tenant for income. This compares with 33.6% rental income contribution per month from the largest tenant in the initial portfolio.

During the year, we welcomed many new tenants to our Trust, improving the diversity of our portfolio. Our top ten tenants as at 31 March 2008 accounted for 66.7% of the Trust’s rental income<sup>1</sup>, an improvement compared to 94.2% at the time of listing. We continue to maintain a quality tenant profile – 64.6% of MI-REIT’s rental income is from companies that are publicly listed or are subsidiaries of publicly listed companies.

The following nine acquisitions were completed during the third and fourth quarter of FY2008 and contributed to rental income growth:

#### **Completed acquisitions during 4QFY08:**

- 61 Yishun Industrial Park A, a warehouse and logistics facility was acquired in a sale and leaseback arrangement with BTH Global Pte Ltd, a subsidiary of Ban Teck Han Enterprise Co Pte Ltd. The acquisition was completed on 21 January 2008;
- 103 Defu Lane 10, a warehouse and logistics facility was acquired in a sale and leaseback arrangement with Success Global Pte Ltd, a subsidiary of Ban Teck Han Enterprise Co Pte Ltd. The acquisition was completed on 21 January 2008;
- 1 Kallang Way 2A, a manufacturing facility was acquired in a sale and leaseback arrangement with Xpress Print Pte Ltd, a wholly owned subsidiary of Singapore Exchange listed Xpress Holdings Limited. The acquisition was completed on 30 January 2008.

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<sup>1</sup> Based on rental income as at 31 March 2008. Rental Income is the contractual rent receivable under lease arrangement, with or to be entered into with the tenants (after rent rebates and provisions for rent-free periods). There are no rent rebates and rent-free periods.

- 135 Joo Seng Road, a warehouse and logistics facility was acquired in a sale and leaseback arrangement with Powermatic Data Systems Limited, a Singapore Exchange listed company. The acquisition was completed on 10 March 2008; and
- 7 Clementi Loop, a warehouse and logistics facility was acquired in a sale and lease back arrangement with Nova Engineering and Logistics Pte Ltd. The acquisition was completed on 31 March 2008.

**Completed acquisitions during 3QFY08:**

- 541 Yishun Industrial Park A, a manufacturing facility, was acquired in a sale and leaseback arrangement with King Plastic Pte Ltd. The acquisition was completed on 2 October 2007;
- 11 Changi South Street 3, a warehouse and logistics facility leased to Builders Shop Pte Ltd, a wholly owned subsidiary of Singapore Exchange-listed Shining Corporation. The acquisition was completed on 17 December 2007;
- 15 Tai Seng Drive, a multi-tenanted research and technology facility. The acquisition was completed on 17 December 2007; and
- The Asahi Ohmiya Warehouse in Saitama, Japan, a warehouse and logistics facility leased to MediceoMedical. MediceoMedical is a wholly owned subsidiary of Mediceo Paltic Holdings Co. Ltd, a publicly listed company on the Tokyo Stock Exchange. The acquisition was completed on 20 December 2007.

In addition to these acquisitions, the Manager has also announced the acquisition of a S\$91.0 million office and technology park property, Plot 4A International Business Park, which is scheduled for completion in December 2009. This acquisition is expected to provide MI-REIT with exposure to the strong rental and capital value growth experienced within the office/technology park space. With the addition of this property upon completion, MI-REIT's portfolio will increase to 22 assets valued at S\$646.4 million.

**Growing quarterly DPU**

During the financial year, MI-REIT saw steady quarterly distribution per unit growth. Unitholders received a first quarter distribution per unit of 1.52 cents, followed by 1.86 cents for the second quarter, 1.92 cents for the third quarter and 2.22 cents for the last quarter. This brings the Trust's FY2008 distribution per unit to 7.52 cents, exceeding the full year forecast of 7.05 cents.

**Proactive Asset Management**

Mr Dunstan said, "Our other key investment strategy – proactive asset management – seeks to drive organic growth in the portfolio while maintaining high occupancy rates. We are pleased to note that through our asset management initiatives, MI-REIT continues to be fully leased."

Unitholders stand to benefit from MI-REIT's stable and growing income stream; 17 of the properties have contracted rental escalations that range between 2.5% to 8.0%, whilst one property has an annual rental escalation of 1.5%. The weighted average rental escalation of the tenancies for the four years from 31 March 2008 is 3.4% per annum.

As at 31 March 2008, MI-REIT had maintained its long rental lease profile – the weighted average

rental lease term was 6.0 years whilst the weighted average unexpired lease term for the underlying land was 43.3 years.

Four tenancies representing 1.8% of MI-REIT's annual rental income will be up for renewals in the next financial year. "We are confident of securing good rental reversions for these properties through our initiatives. Our strategically located properties have been built with flexible layouts and high building specifications, which makes them more attractive to a wider range of tenants," said Mr Dunstan.

### **Prudent Capital and Risk Management**

The Manager has in place an active capital management and risk management strategy to optimize MacarthurCook Industrial REIT's capital structure and cost of capital.

As at 31 March 2008, the Trust had an aggregate leverage ratio of 40.0%, which sits comfortably within the Manager's medium term target gearing of 40%-45%.

In February, the Manager had entered into an interest rate swap to fix the interest rate cost on S\$100 million of MI-REIT's debt for three years. This is in addition to the existing cap at 3.50% on S\$120.19 million of debt. The Manager is currently active in discussions to extend the duration of the existing Singapore debt facility of S\$220.8 million, which expires in April 2009.

MI-REIT has maintained its investment grade Baa3 rating from Moody's Investors Service.

### **Outlook for FY2009**

Mr Dunstan said, "MacarthurCook Industrial REIT ended FY2008 on a strong note. Looking ahead, we expect the Asian region to experience a moderation of economic growth in response to the fallout from the US sub-prime mortgage crisis and implications to global economic growth. However, we expect the demand for industrial properties in Singapore and the Asian region to remain healthy on the back of strong prospects for Asia, with the Economic Intelligence Unit forecasting that Asia will continue to be among the fastest growing regions in 2008.

Given this economic scenario, organic growth in the portfolio will drive returns in the near future. We will focus on optimising yield from MI-REIT's existing portfolio through active asset management; however, we expect to resume our active acquisition growth strategy once capital market conditions improve.

We have a healthy portfolio of assets with strong tenancy covenants and locked-in leases, which will enable us to continue providing unitholders with a stable and growing distribution. Given the acquisitions, we expect to deliver the forecast distribution per unit of 7.59 cents for the financial year ending 31 March 2009."

### **Distribution to Unitholders**

The books closure date to determine the entitlement to the 4QFY08 distribution per unit is 29 May 2008.

**For further information, kindly contact:**

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UBS AG, acting through its business group, UBS Investment Bank (“UBS”), was the Sole Financial Advisor and Global Coordinator for the initial public offering of MI-REIT. UBS and The Hongkong and Shanghai Banking Corporation Limited were the Joint Lead Underwriters and Bookrunners for the initial public offering of MI-REIT.

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 release 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.

#### **About MacarthurCook Industrial REIT**

Managed by MacarthurCook Investment Managers (Asia) Limited, MacarthurCook Industrial-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 provide 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 Securities 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 \$A1.5 billion on behalf of over 25,000 investors. MacarthurCook is a quality endorsed company (ISO 9001:2000 international standard accreditation), and is the investment manager for thirteen 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.

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

In 2005, 2006 and 2007 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 in MI-REIT (the "**Units**").

The value of the Units and the income from them may fall as well as rise. 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 may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of MI-REIT is not necessarily indicative of the future performance of MI-REIT.

This announcement is not an offer of securities for sale in the United States. The New Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any applicable state securities laws, and may not be offered or sold within the United States in the absence of registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws. Any public offering of the New Units to be made in the United States, will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the issuer and its management, as well as financial statements. The issuer does not intend to conduct a public offering of securities in the United States.

This announcement shall not constitute an offer to sell or a solicitation of an offer to buy securities nor shall there be any sale of any securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.