



**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 maiden quarter DPU in line with forecast**

#### **Financial Highlights**

- 1QFY2008 distribution per unit ("**DPU**") of 1.52 cents for first quarter
- Annualised DPU of 7.58 cents is 3.0% higher than forecast
- Net income of S\$3.2 million is 3.9% above forecast

**Singapore, 26 July 2007** – The Board of Directors of MacarthurCook Investment Managers (Asia) Limited ("the **Manager**"), the Manager of MacarthurCook Industrial REIT ("**MI-REIT**"), are pleased to announce a DPU of 1.52 cents per unit for the period from the listing date of 19 April 2007 to 30 June 2007 ("**1QFY2008**"). The annualised DPU of 7.58 cents is 3.0% above the 7.41 cents forecast<sup>1</sup> for FY2008, as stated in the MI-REIT prospectus dated 12 April 2007.

The total income available for distribution to unitholders of S\$3.9 million exceeded the forecast by S\$0.11 million or 2.9%, after the inclusion of S\$7.12 million in non-tax deductible and non-taxable items<sup>2</sup>. A key reason for the positive variance in distributable income against forecast was the S\$0.12 million higher than forecast net income of S\$3.2 million, due to:

- Property expenses of S\$0.91 million being 48.6% lower than forecast, offsetting the one time, non-recurring variance in gross revenue of S\$0.92 million<sup>3</sup>, and resulting in net property income ("**NPI**") of S\$4.70 million. The variation of 14.1% and 48.6% for gross revenue and property expenses respectively, is due to a number of tenants paying their expenses directly during the quarter whilst our payment procedures are being formalised.

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<sup>1</sup> No comparisons against a corresponding period in the previous year 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 of total return, cash flow statements and balance sheets for the purpose of its initial public offering.

<sup>2</sup> These include the net change in fair value of investment properties and other non-tax deductible and non-taxable items which will not affect the DPU as MI-REIT's distributions are based on taxable income.

<sup>3</sup> This variance was mainly due to monies being held back for a period from settlement on one of the properties, resulting in subsequent reduction in rent. Pro-rated monies were held back whilst the vendor awaited receipt of a Certificate of Statutory Completion on construction of a new building.

- Non-property expenses of S\$1.49 being 10.9% lower than forecast, due mainly to a smaller loss on re-measurement of financial derivatives and lower borrowing costs. Borrowing costs were 6.5% lower than forecast due primarily to actual interest rates being lower than those used in the calculation of forecasts.

Mr Chris Calvert, Chief Executive Officer of the Manager said: “We are pleased that MI-REIT’s distributable income is in line with our forecasts and attains our goal of providing unitholders with a stable, growing income stream. Income stability and growth is supported by strong fundamentals, such as our quality industrial assets, quality tenants and long lease maturity profile.”

### **Disciplined Acquisition Growth Strategy**

The Manager will also continue to drive the growth of MI-REIT via its acquisition growth strategy of acquiring yield-accretive and high-quality industrial properties.

Mr Calvert said: “Acquisition growth is an integral driver of our business that will provide both growth and diversification benefits to our portfolio. We have a target to acquire up to S\$500 million in property assets over the next 12 months and are working extremely hard to achieve this goal.

Our strategic alliance with United Engineers Development Pte Ltd (“**UEL**”) and our strong relationships with agents across Asia have created numerous potential investment opportunities. We also expect our regional footprint to grow as existing tenants in Singapore expand their operations throughout the region.”

Mr Calvert added: “Our disciplined investment approach to asset selection and requirement for all acquisitions to undergo a thorough due diligence process ensures that we will acquire only quality income-producing assets that strengthen the portfolio and provide growth and diversification benefits.”

The Manager expects that the majority of acquisitions over the next 12-18 months will be made in Singapore. With its Pan-Asian mandate however, MI-REIT will also look to acquire industrial property in selected countries throughout Asia, such as Japan, Hong Kong and Malaysia.

## **Increased Financial Flexibility to support growth**

MI-REIT recently obtained a corporate Baa3 'stable' rating outlook by Moody's Investors Service ("**Moody's**"). The credit rating enables MI-REIT to increase its gearing capability to up to a maximum of 60% from its current aggregate gearing level of 8.6%. With available debt capacity of approximately S\$200 million to fund acquisitions, MI-REIT has greater operational flexibility to execute its acquisition growth strategy. The Manager expects to maintain a long term target gearing ratio of between 40%-45% to maintain the appropriate risk profile of MI-REIT. The Manager also successfully negotiated with its bank lending syndicate to increase its facility from S\$128.8 million to S\$220.8 million.

## **Outlook for FY2007/08**

As a result of the continued strong economic growth underpinned by strong growth in the construction and manufacturing sectors, the Urban Redevelopment Authority recorded the highest quarter to quarter increase for the industrial property market since the up-trend in early 2004. Prices of overall industrial space rose 4.0% and rents increased by 4.5% in the first quarter of the year.

Growth in the knowledge-based industries and the tight office supply situation has also contributed to the climb in rentals of high tech industrial space, which are expected to rise to as much as 10% for 2007. The demand for industrial space in the countries in which MI-REIT may invest is also expected to expand on the back of firm GDP growth.

Given the positive outlook and barring any unforeseen circumstances, the Manager expects to deliver an annualised distribution per unit of 7.58 cents for the current financial year that is in line with forecasts.

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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 disclaim 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**

MacarthurCook Industrial REIT listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2007. MI-REIT's initial portfolio comprises 12 high-quality industrial assets across Singapore, the largest of which is UE Technology Park at 8 and 10 Pandan Crescent, which is acquired for S\$115 million. The initial properties in MI-REIT have a combined value of \$316.2 million (as at the date of listing).

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 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 member of the United Engineering group of companies.

### **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 more than A\$1.5 billion on behalf of over 20,000 investors. The ISO accredited organisation is the investment manager for twelve funds including:

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