MACARTHUR COOK

A member of AIMS Financial Group

International Real Estate Fund Manager

30 August 2010

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
New South Wales 2000

**MACARTHURCOOK INDUSTRIAL PROPERTY FUND (ASX CODE: MIF)
RESULTS FOR YEAR END 30 JUNE 2010**

Please find attached the following documents relating to the 2010 financial year results:

- Appendix 4E
- Annual Report and Financial Statements

If you have any questions in relation to this announcement please contact the Fund Manager, Mr Russell Bullen on (03) 9660 4555 or Mr Tim Allerton of City Public Relations on (02) 9267 4511.

Yours faithfully,

Ryan Rayfield
Company Secretary
MacarthurCook Fund Management Limited

Appendix 4E

Preliminary final report
Period ending on or after 30 June 2010

MACARTHURCOOK INDUSTRAL PROPERTY FUND

A.R.S.N. 114 263 688

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. **Reporting period**

Preliminary final report for the financial year to 30 June 2010.

2. **Results for announcement to the market.**

					30 June 2010 $'000
2.1	Net revenue from ordinary activities	up	>100%	to	12,122
2.2	Profit /(loss) from ordinary activities (see 2.5 below)	up	>100%	to	3,162
2.3	Net profit (loss) attributable to unitholders	up	>100%	to	3,162

2.4 Distributions:

Distributions paid and payable Quarter ended	2010 Cents per Unit	2009 Cents per Unit
30 September 2008	-	1.8125
30 September 2009	0.4	-
31 December 2009	0.4	-
31 March 2010	0.5	-
30 June 2010	0.5	-

2.5 The record date for determining entitlements to the distributions

Quarter ended	Record date
30 September 2009	30 September 2009
31 December 2009	31 December 2009
31 March 2010	31 March 2010
30 June 2010	30 June 2010

2.6 Net revenue from ordinary activities includes a net loss of $1,964,000 arising from items as listed below:

	30 June 2010 $'000	30 June 2009 $'000
Unrealised loss on investment properties	(4,708)	(24,298)
Realised gain on sale of investment properties	1,204	(1,737)
Net change in fair value of listed securities	663	(11,232)
Net change in fair value of financial derivatives	879	(4,068)
Net loss on foreign exchange	(2)	(5,050)
Impairment loss on rental income receivables	0	(456)
	(1,964)	(46,841)

Appendix 4E
Preliminary final report
Period ending on or after 30 June 2010

MACARTHURCOOK INDUSTRIAL PROPERTY FUND

A.R.S.N. 114 263 668

3. Statement of Comprehensive Income

See attached Annual Report

4. Statement of Financial Position

See attached Annual Report

5. Statement of Cash Flows

See attached Annual Report

6. Distributions

Refer to section 2.4. For further information refer to Financial Statements (Note 8: Distributions Paid and Payable) in the attached Annual Report.

7. Details of distribution reinvestment plans

The Distribution Reinvestment Plan ('DRP') was in operation for the following distributions during the period:

Quarter ended	Last date of notification of election to participate in the DRP
30 September 2009	30 September 2009
31 December 2009	23 December 2009
31 March 2010	25 March 2010

8. Statement of retained earnings showing movements

	30 June 2010 $'000	30 June 2009 $'000
Undistributed loss at beginning of financial period	(35,482)	6,322
Net profit attributable to unitholders	3,162	(40,032)
Distributions paid and payable	(1,769)	(1,772)
Undistributed loss at end of financial period	(34,089)	(35,482)

9. Net tangible assets per security

	30 June 2010	30 June 2009
Net tangible asset per security	$0.648	$0.635

10. Entities over which control has been gained or lost during the period

Not applicable

MACARTHURCOOK INDUSTRIAL PROPERTY FUND

A.R.S.N. 114 263 668

11. Details of associates and joint venture entities

Not applicable

12. Other significant information

See attached Annual Report

13. Accounting standards applied to foreign entities

Not applicable

14. Commentary on the results for the period

See attached Annual Report.

14.1 EPU

	Weighted Average	
	30 June 2010	30 June 2009
Basic EPU (cents)	3.21	(40.86)
EPU excluding net losses (as per 2.6 above)	5.21	6.94

14.2 Returns to unitholders including distributions and buy backs

Other than distribution paid (refer to section 2.4 above and note 8 – Distributions Paid and Payable per attached Financial Statements) there has been no other returns to unitholders.

14.3 Significant features of operating performance

Refer to Income Statement in attached Annual Report.

14.4 Segment information

Refer to Note 17 to the Financial Statement – Segment information in attached Annual Report.

14.5 Trends in performance

See attached Annual Report.

14.6 Other factors

See attached Annual Report

MACARTHURCOOK INDUSTRIAL PROPERTY FUND

A.R.S.N. 114 263 668

15. Whether accounts have been audited or reviewed

The Financial Statements upon which this report is based have been audited.

16. Likely audit dispute or qualification

Not applicable.

17. Actual audit dispute or qualification

None.

MACARTHUR COOK

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MacarthurCook
INDUSTRIAL PROPERTY FUND
ANNUAL REPORT 2010

ASX Code: MIF

MacarthurCook Industrial Property Fund
Annual Report 2010

FOLLOWING SOME PRUDENT DECISIONS BY THE RESPONSIBLE ENTITY, THE FUND HAS EMERGED FROM A PERIOD OF CHALLENGING ECONOMIC CONDITIONS WITH A STRONGER BALANCE SHEET.

ABOUT THE FUND

The MacarthurCook Industrial Property Fund (the “Fund”) is an Australian real estate investment trust, with the objective of providing investors with the opportunity for regular quarterly income and long term capital growth, from investing in a diversified portfolio of industrial property located in Australia.

It is listed on the Australian Securities Exchange (ASX code: MIF).

Contents

MIF Financial Results Summary

Financial results summary for the year ended 30 June 2010

Income Statement **year to 30 June 2010**	**$m**
Net Rental Income	9.9
Other Income (interest and distributions)	1.1
Operating Expenses	(5.2)
One-off transaction cost	(0.6)
Net Operating Profit before losses on investments and derivatives	5.2
Net fair value adjustments – losses on investments and derivatives	(2.0)
Net Profit	3.2

Balance Sheet **Year to 30 June 2010**	**$m**
Total Assets	114.7
Net Assets	63.8

Summary Statistics **Year to 30 June 2010**	
Units/Securities on issue (m)	98.5
Distribution per Unit: (cpu)	1.80
Unit price (cents)	35
NTA per Unit (cents)	65
Total unitholder return for the year (%)	133

Chairman's Report

Mr George Wang
Executive Chairman

I present the annual report for the MacarthurCook Industrial Property Fund

It has been a year since the AIMS Financial Group of companies ("AIMS"), of which I am the Chairman, acquired the MacarthurCook Group ("MacarthurCook"), the parent company of the Responsible Entity which manages your Fund.

Since acquiring the Responsible Entity of your Fund (MIF), we have focused on supporting the management team to stabilise and add value to the Fund. Whilst market conditions have continued to be challenging, we have achieved some solid results over the past year:

- increased unit price from 16 cents at 30 June 2009 to 37 cents as at 30 June 2010 (131% increase);
- reduced the discount between the trading unit price and the NTA per unit from 75% to 43%;
- sold selective assets to reduce borrowings from $70.0 million to $46.4 million;
- decreased overall gearing from 51% at 30 June 2009 to 40% at 30 June 2010;
- extended the finance facility to 31 December 2010;
- restored and increased distributions; and
- increased the Fund's Net Tangible Asset ("NTA") backing per unit from 64 cents per unit at 30 June 2009 to 65 cents per unit at 30 June 2010.

Despite our best efforts and the solid achievements of the past 12 months, the units in your Fund continue to trade at a substantial discount to the Fund's NTA. Reasons for this include the relatively small size of the Fund, the low trading liquidity, concerns regarding the Fund's access to capital to fund growth, the increased costs of refinancing the loan facility, and the existing vacancies that are impacting distributions.

This situation has prompted the Board to investigate further alternative strategies to optimise Unitholder value.

CWH Proposal

This investigation led to discussions between CommonWealth REIT ("CWH") and the Responsible Entity which resulted in CWH making an offer whereby, should the CWH proposal be approved and implemented, Unitholders will receive total consideration of $0.44 per Unit, a further 19% increase on the unit price as at 30 June 2010. A Special Board Committee ("SBC"), comprising two independent directors and one executive director from the Board of the Responsible Entity which manages your Fund, was established to manage and evaluate this proposal.

The CWH proposal is subject to a number of conditions. The SBC has no reason to expect that these conditions will not be satisfied or waived prior to the planned Unitholder Meeting except as otherwise set out in the Explanatory Memorandum prepared for Unitholders ("EM"). Several of these conditions however must be satisfied in a form satisfactory to CWH and the SBC cannot represent CWH's position on these issues.

Wind-up Resolution

Following announcement of the CWH proposal, the Responsible Entity received a notice from Unitholders collectively holding more than 5% of units proposing a resolution to amend the Constitution in a way that will result in the winding-up of the Fund by 31 December 2011. In accordance with the Corporations Act, this resolution is to be included in the Notice of Meeting and will be put to Unitholders for consideration and vote at the same Unitholder Meeting.

The SBC recommends that you accept the CWH Proposal in the absence of a superior proposal.

Further information regarding the proposals being put to Unitholders will be in the Explanatory Memorandum that Unitholders will receive shortly. The SBC believes that the CWH proposal represents the best value to Unitholders in light of the prevailing market conditions, and in the absence of a superior proposal. Key considerations of the resolutions being put to Unitholders include the following:

- If you approve the CWH proposal, you will receive a cash price of 44 cents for each unit. This is a 175% increase on the 16 cents per unit trading price at 30 June 2009;
- If the Wind-up Resolution is approved, the Fund will be required to sell all of its properties and be wound-up by 31 December 2011;
- If both the CWH proposal and the Wind-up Resolution are approved, then the Wind-up Resolution will prevail and the Fund will be wound up by 31 December 2011; and
- If neither the CWH Proposal or the Wind-up Resolution are approved then the Fund will continue normal operations with all the challenges and risk prevailing. The SBC believes approving the CWH Proposal is better than this option.

I urge you to read the Explanatory Memorandum carefully and form a considered view given the state of the current market and the prospects for maximising the value of your unitholding in the Fund. I understand that selling your units at the proposed offer price will be a difficult decision for many of you. However, as I outlined above there are considerable risks associated with a wind-up of the Fund and with continuing to operate the Fund in its current form. I would also draw your attention to the fact that pursuant to the Corporations Act, parties and entities associated with MacarthurCook that own units in the Fund are not eligible to vote on the resolutions.

About AIMS

AIMS is a 100% Australian owned business which was established in 1991 and has a strong track record and enviable reputation in the mortgage and securitisation markets. It has expanded to become an international financial group focusing on Funds Management, Investment Banking, Real Estate Investment, eCommerce, Securitisation and Mortgage Lending across the Asia Pacific region.

AIMS has been very active in introducing international investors into the Australian real estate market and has attracted significant investment in Australian direct property from its international clients. Since 1999, AIMS has raised directly and indirectly approximately A$3 billion in funds from the Australian capital markets, with most of the Residential Mortgage Backed Securities rated AAA by both Standard & Poors and Fitch Ratings.

Since acquiring MacarthurCook in August 2009 we have focused on optimising the value of each Fund in the group while protecting Unitholder interests. An example of one of our success stories is the AIMS AMP Capital Industrial REIT (formerly known as the MacarthurCook Industrial REIT (MI–REIT)) (the “Trust”) listed in Singapore and jointly managed by AIMS and AMP. At the time AIMS acquired MacarthurCook, MI-REIT was in significant distress with 3 months to refinance SGD$203 million in debt and meet an unfunded SGD$90 million property purchase obligation. To overcome these obstacles, we partnered with AMP Capital to successfully raise SGD$217.1 million in equity enabling the Trust to be recapitalised and refinanced. The Trust’s market capitalisation has now increased from SGD$60 million to SGD$315 million, the portfolio value has increased by 19% to SGD$635 million, and the leverage has decreased from 41.3% to 28.9% - all actions which have allowed the restructuring of the REIT.

Following the MI-REIT restructuring announcement, MIF was able to sell its holding in MI-REIT at a price that realised approximately SGD$8.8 million. This sale assisted in significantly strengthening MIF’s capital position.

Management and Staff

The past year has posed further challenges for the Fund and its Unitholders, in part due to the effects of the extreme market conditions associated with the Global Financial Crisis. This has placed considerable demands on the management and staff and I would like to take this opportunity to sincerely thank them for their efforts.

Finally, I would like to reiterate that we remain fully committed to seeking to increase Unitholder value in the Fund.

George Wang
Executive Chairman

Fund Manager's Report

Russell Bullen
Head of Real Estate

I am pleased to present this report regarding the performance of your Fund during the 2010 financial year.

As reported by the Chairman, the management team has been extremely committed in developing and implementing a strategy to stabilise and add value to your Fund. Despite successfully implementing this strategy, the Fund's Units continue to trade at a substantial discount to the Fund's NTA, which led the Manager to consider other alternatives to optimise Unitholder value. This has resulted in the Fund receiving an offer from CWH to acquire 100% of the Units in the Fund.

During the 2010 financial year, the Fund reinstated and increased distributions, reduced debt by approximately $24 million, which strengthened the balance sheet, and successfully completed selective asset sales.

Below is a brief industry commentary and further details regarding the results achieved by the Fund in the 2010 financial year.

Industry commentary

After experiencing the stresses of the Global Financial Crisis ("GFC"), the Australian economy has stabilised, with Access Economics forecasting Australian economic growth of 2.9% in 2010. Public sector spending and an upturn in residential construction are two key drivers of growth through 2010.

However, while credit market conditions are easing, major banks continue to reduce their exposure to commercial real estate and debt remains difficult and relatively expensive to obtain. Many of the larger REITs raised significant equity during 2009, however a substantial debt refinancing task lies ahead between 2010 and 2013.
The manufacturing sector continues to be adversely affected by a fall in construction and investment spending and the strong Australian dollar, although inventory rebuilding in the wholesale sector has positive implications for logistics facilities and the transport sector. Signs of an increase in container trade should also bode well for industrial leasing demand.

Reduced construction, largely due to credit constraints, has somewhat mitigated the negative effects of the GFC, limiting the amount of new industrial space being released in the market. Nevertheless, while there has been a growing number of pre-committed projects being constructed, demand for existing industrial space remains quite subdued.

While now stabilised, industrial land values have fallen substantially, with demand for land continuing to be impacted by credit constraints, higher cost of debt and increased return requirements.

Capital values have also generally stabilised, however demand for secondary assets is notably less than for prime grade industrial property.

With the substantial capital raised in the Australian REIT ("A-REIT") market and general improvements in the Australian economy, the A-REIT market stabilised in the 2010 financial year. Total returns from A-REITs and Industrial A-REITs, were 20.4% (S&P/ASX 200 Prop Acc. Index) and 88.8% (UBS Industrial 200 index), respectively, for the year ended 30 June 2010.

Large positive returns from Industrial A-REITs have been largely driven by the recovery from extreme lows stemming from the GFC. During the same period, the Fund's total return was 133%.

Distributions

As anticipated, distributions for the Fund were recommenced in the September quarter 2009 with a target distribution of 1.6 cents per unit ("cpu") for the 2010 financial year. This was subsequently increased to a target of 1.8 cpu, largely as a result of a number of selective asset sales which allowed debt to be reduced and interest cost reduced accordingly. This revised target was achieved, with a total distribution of 1.8 cpu being paid for the 2010 financial year.

Distributions are considerably lower than they were prior to the GFC, which reflects a range of factors including higher vacancies, higher budgeted cost of debt and reduced payout ratios, in order to fund ongoing capital works.

Debt and capital management

The Responsible Entity has continued to implement a number of proactive strategies which have improved the debt and capital management position of the Fund, including the following:

- The loan to value ratio (LVR) as at 30 June 2010 of 43.8% is significantly less than the LVR as at 30 June 2009 of 55.6% and is now well within the Fund's banking covenant requirements of an LVR of 62.5%. The reduction in LVR also assists the Fund in complying with potentially lower LVR covenants that may be required in the future.
- Overall gearing (debt to total assets) decreased from 51.0% as at 30 June 2009 to 40.4% as at 30 June 2010.
- The cost of debt has been prudently managed and minimised, by not refinancing the debt at a time when it was unnecessary and would have given rise to a significantly higher cost of debt.
- Sale of a property in Western Australia at a price of $17.0 million. This was approximately 8% higher than the June 2009 valuation and over double the original purchase price. In the current environment this is considered a strong result. The proceeds have been used to reduce debt which strengthened the Fund's balance sheet.
- Sale of the investment in an Asian industrial property security in order to reduce debt and focus on Australian industrial property.

The above strategies have placed the Fund in a good refinancing position and the debt facility was recently extended to 31 December 2010. The debt position of the Fund has been stabilised. This follows a significant net reduction in the debt of approximately $23.6 million during the last financial year, which represented 33.7% of the debt outstanding at 30 June 2009.

Under the terms of the CWH proposal, the outstanding debt on the facility will be repaid in full if the scheme is approved and implemented.

In the event that the CWH proposal does not proceed, the Fund will seek to refinance the facility with the National Australia Bank prior to the expiry of the extension. The National Australia Bank has indicated that it will be willing to engage the Fund to work to provide a further extension or a new term facility based on similar terms to the extension.

The management team has been extremely committed in developing and implementing a strategy to stabilise and add value to your Fund.

Asset sales

Another measure taken to ensure that the Fund's balance sheet withstood the extreme market conditions created by the GFC, was to selectively sell a number of assets, with the proceeds used to reduce debt to strengthen the balance sheet.

During the financial year the Responsible Entity sold one property which is listed below along with the respective sale price and original purchase price.

Property	Sale price	Latest valuation	Original purchase price
300-310 Treasure Road, Welshpool, WA	$17.0m (Mar 2010)	$15.7m (June 2009)	$8.0m (Mar 2004)

The Fund also disposed of its investment in an Asian industrial property security to reduce debt and focus on industrial property investment opportunities in Australia. The Fund had owned 22 million units in the MacarthurCook Industrial REIT (MI-REIT), which is an industrial REIT listed on the Singapore Exchange. The Fund sold all of its investment in MI-REIT for $6.8 million. The proceeds from the sale were used to reduce debt.

Recent property revaluations

The Responsible Entity revalued all properties in the portfolio both for the half year ended 31 December 2009 and for the full year ended on 30 June 2010. The most recent revaluations resulted in an average decrease of 2.5%.

Details of the valuations are provided below (on a same property basis). Changes in valuations were quite varied and in some cases increased from valuations in December 2009.

Property	Valuation 30 June 2010 $M	Valuation 31 December 2009 $M	Change from previous valuation +/- $M	Change from previous valuation +/-	Capitalisation rates at 30 June 2010	Capitalisation rates at 31 December 2009
WA						
7 Modal Crescent, Canning Vale	14.00	13.75	0.25	1.8%	8.25%	8.75%
19 Leadership Way, Wangara	7.10	7.00	0.10	1.4%	8.25%	8.50%
VIC						
71 - 93 Whiteside Road, Clayton	19.70	19.70	0	0	9.50%	9.50%
127 - 161 Cherry Lane, Laverton North	10.35	10.35	0	0	10.25%	10.25%
QLD						
9-13 Titanium Court, Crest-mead	6.70	7.00	(0.30)	(4.3%)	8.75%	8.75%
NSW						
16 Rodborough Rd, Frenchs Forest	20.30	20.00	0.30	1.5%	8.50%	8.70%
22 Rodborough Rd, Frenchs Forest	6.50	7.50	(1.00)	(13.3%)	9.00%	9.45%
44 Mandarin St, Villawood	15.50	15.50	0	0	10.00%	10.70%
TAS						
East Tamar Hwy, Rocher-lea	4.80	6.75	(1.95)	(28.9%)	11.75%	11.80%
Invermay Rd, Mowbray	1.10	1.25	(0.15)	(12.0%)	11.00%	10.30%
Total / Wtd. Avg.	**$106.05**	**$108.80**	**($2.75)**	**(2.5%)**	**9.25%**	**9.54%**

Portfolio overview and update

The Fund continues to own a portfolio of 10 industrial properties throughout Australia, leased by a group of major corporate tenants. Occupancy within this portfolio is 83% (by income) and there remains a weighted average lease expiry of 4.6 years.

In addition, there are minimal lease expiries over the next financial year and the leases generally provide for annual rental growth based on fixed or inflation linked reviews.

Geographic diversification

The Fund has a current asset allocation of 100% to the Australian direct industrial property market.

The Fund's portfolio is well diversified across five Australian states.

New Sales Wales	40%
Victoria	28%
Western Australia	20%
Queensland	6%
Tasmania	6%

Property portfolio strategy

The Responsible Entity has an active approach to managing the properties in the Fund. The execution of the strategy and plan has resulted in a number of successful sales, leases and other outcomes, which have previously been announced to the market.

During the period, there were very few lease expirations. Major leasing changes included the following:

Leasing review

Titanium Court, Crestmead, QLD

- 22% of the facility was leased in January 2010 for a term of one year
- Active leasing campaign continues

22 Rodborough Road, Frenchs Forest, NSW

- Active leasing campaign continues

16 Rodborough Road, Frenchs Forest, NSW

- Heads of agreement have been signed to lease the remaining 9% vacancy for a term of five years.

Portfolio metrics

- Occupancy – 83% (by income)
- Weighted average lease expiry – 4.6 years by income
- Level of over/(under renting) – 4%
- Number of tenants – 14
- Number of properties – 10
- Rent review structures: Typically annual fixed or inflation linked increases

Summary

In summary, while the relatively small size of the Fund and persistent vacancies present on-going challenges, the Responsible Entity has successfully executed a strategy which has seen the balance sheet strengthened.

Russell Bullen
Head of Real Estate

Investment Approach

Investment objective

The investment objective of the Fund is to provide investors with the opportunity for regular quarterly income and long term capital growth, from investing in a diversified portfolio of industrial property located in Australia.

Investment strategy

At least 80% of the Fund's portfolio will be invested in direct industrial property. The remainder of the portfolio may be held in industrial real estate securities, fixed income securities and cash.

Asset allocation ranges

Asset class	Minimum %	Maximum %	Current target %
Direct industrial property	80	100	90-100
Industrial real estate securities	0	20	0-10
Fixed income securities and cash	0	20	0-10

Geographic spread

Region	Minimum %	Maximum %	Current target %
Australia	50	100	100
Europe	0	30	0
Asia	0	30	0
North America	0	30	0

Investment process

The fundamental philosophy underpinning MacarthurCook's investment approach is that solid returns are achieved through an active approach to portfolio management, based on:

- Intensive research;
- Understanding the fundamentals of the property market; and
- Identifying value adding opportunities.

The fundamental objective is to provide diversification, designed to minimise risk through exposing the Fund to a weighted mix of property-based income streams that are generated by multiple assets.

MacarthurCook's investment process for direct industrial property assets seeks to identify properties that are likely to deliver secure income and consistent long term investment performance.

The Fund aims to be fully invested at all times in real estate and/or real estate-related assets, both directly and indirectly through one or more special purpose vehicles. However, there may be occasions where the Fund has surplus cash and to reduce risk and to maintain liquidity, it may invest in term deposits or other fixed interest securities.

Active asset management strategy

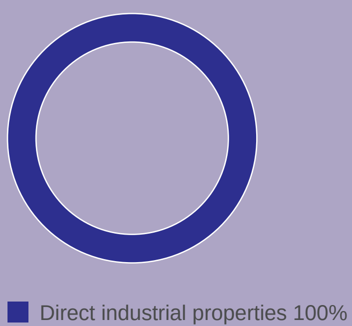
MacarthurCook's strategy for organic growth is to actively manage the Fund's property portfolio and develop strong relationships with tenants.

Through such active property management, MacarthurCook will seek to maintain high tenant retention levels, reduce vacancy levels and minimise the associated interruptions in rental income, as well as the costs associated with marketing and leasing space to new tenants.

Investment Portfolio

Overview

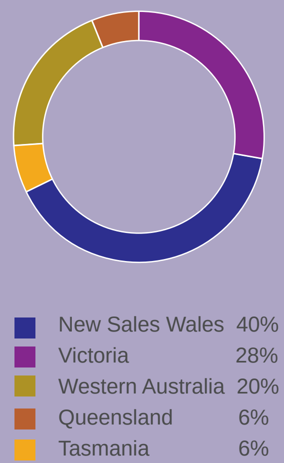
As at 30 June 2010, the Fund had total assets of $114 million, invested across 10 industrial properties.



Direct property portfolio

The Fund's direct industrial property portfolio comprises 10 properties diversified geographically across five states of Australia, by tenant use and business operations and has a mixture of international, national and private commercial tenants. The majority of the properties are located in established industrial areas.

Geographic allocation



New South Wales

Location	16 Rodborough Road, Frenchs Forest
Tenant	Virgin Active Health Clubs
Sector	Business park / Health Club
Occupancy rate	91%
Gross lettable area	8,299m
Valuation 31 December 2009	$20,000,000
Valuation 30 June 2010	$20,300,000 (1.5% increase from previous valuation)

Location	22 Rodborough Road, Frenchs Forest
Tenant	Vacant
Occupancy rate	0%
Gross lettable area	4,207m²
Valuation 31 December 2009	$7,500,000
Valuation 30 June 2010	$6,500,000 (13.3% decrease from previous valuation)

Location	44-46 Mandarin Street, Villawood
Tenant	Supply Linq/multi-tenanted
Sector	Logistics and Warehousing
Occupancy rate	82%
Gross lettable area	20,296m²
Valuation 31 December 2009	$15,500,000
Valuation 30 June 2010	$15,500,000 (no change from previous valuation

Victoria

Location	127-161 Cherry Lane, Laverton
Tenant	Amcor Packaging (Australia) P/L VIP Packaging (PACT Group)
Sector	Manufacturing/Logistics and Warehousing
Occupancy rate	100%
Gross lettable area	25,880m²
Valuation 31 December 2009	$10,350,000
Valuation 30 June 2010	$10,350,000 (no change from previous valuation)

Location	71-93 Whiteside Road, Clayton
Tenant	Simon Transport P/L General Cable Australia P/L Corning Cables Australia P/L
Sector	Manufacturing/Logistics And Warehousing
Occupancy rate	100%
Gross lettable area	28,173m²
Valuation 31 December 2009	$19,700,000
Valuation 30 June 2010	$19,700,000 (no change from previous valuation)

Western Australia

Location	17-19 Leadership Way, Wangara
Tenant	Tyco Flow Control Pacific P/L
Sector	Manufacturing
Occupancy rate	100%
Gross lettable area	5,217m²
Valuation 31 December 2009	$7,000,000
Valuation 30 June 2010	$7,100,000 (1.4% increase from previous valuation)

Location	7 Modal Crescent, Canning Vale
Tenant	ACI Operations P/L
Sector	Logistics and warehousing
Occupancy rate	100%
Gross lettable area	15,245m²
Valuation 31 December 2009	$13,750,000
Valuation 30 June 2010	$14,000,000 (1.8% increase from previous valuation)

Queensland

Location	9-13 Titanium Court, Crestmead
Tenant	Logan Moulders
Sector	Warehousing
Occupancy rate	22%
Gross lettable area	6,464m²
Valuation 31 December 2009	$7,000,000
Valuation 30 June 2010	$6,700,000 (4.3% decrease from previous valuation)

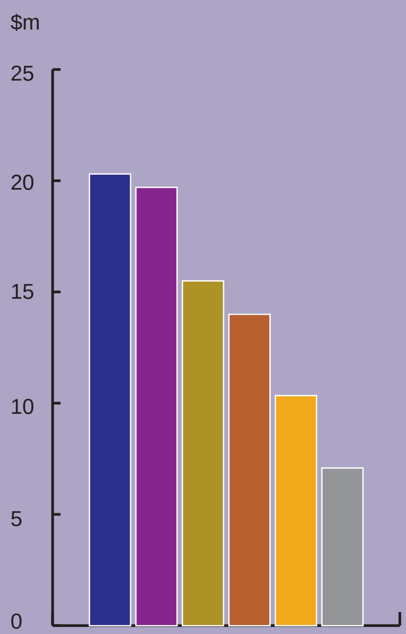
Tasmania

Location	253-293 George Town Road, Launceston
Tenant	Automotive Components Ltd
Sector	Manufacturing
Occupancy rate	100%
Gross lettable area	13,371m²
Valuation 31 December 2009	$6,750,000
Valuation 30 June 2010	$4,800,000 (28.9% decrease from previous valuation)

Location	310-314 Invermay Road, Launceston
Tenant	Automotive Components Ltd
Sector	Manufacturing
Occupancy rate	100%
Gross lettable area	4,411m²
Valuation 31 December 2009	$1,250,000
Valuation 30 June 2010	$1,100,000 (12.0% decrease from previous valuation)

Top 6 property assets

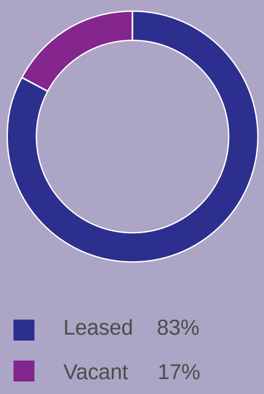
The Fund's top six property assets by value are:



Property	$m
16 Rodborough Road Frenchs Forest NSW	20.30
71-93 Whiteside Road Clayton VIC	19.70
44-46 Mandarin Street Villawood NSW	15.50
7 Modal Crescent Canning Vale WA	14.00
127-161 Cherry Lane Laverton VIC	10.35
19 Leadership Way Wangara WA	7.10

Portfolio occupancy by income and major tenants

The Fund's property portfolio occupancy profile by income is as follows:



The Fund's weighted average lease expiry as at 30 June 2010 is 4.6 years (measured by income)

The Fund's top 8 tenants by rental income are:

Tenant	% of rental income
1. Virgin Active	17
2. Supply- Linq	12
3. Simon Transport	12
4. ACL	11
5. ACI	11
6. Corning	7
7. VIP Packaging (Pact)	7
8. AMCOR	7

Board of Directors

Mr George Wang
Executive Chairman

George is the founding CEO of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. George came to Australia from China 20 years ago and founded AIMS Financial Group 2 years later. In its eighteen years of life, AIMS has evolved into a diversified financial services group, active in the areas of lending, securitisation, investment banking, real estate funds management and properties, resources, high-tech and infrastructure investment.

In the course of developing AIMS Financial Group into a significant financial services group in Australia, George has developed a strong skill base in the areas of securitisation, real estate funds management, structured finance and innovative financial product development.

George has developed an extensive business network in both Australia and China.

Director since 14 July 2009 and Executive Chairman since 7 August 2009

Mr Richard Nott
Non-Executive Independent Director
Chairman of the Audit Committee

Richard Nott is a former General Manager and Chief Executive of CGU Lenders Mortgage Insurance Ltd; General Manager Corporate Banking at Standard Chartered Bank Australia Ltd; General Manger Banking and Associate Director at Australian Bank, plus a twenty six year career with National Australia Bank throughout Australia and England. He was for some years a Director of Prime Insurance group, a Bermudan based Lenders' Mortgage Insurer.

Richard is a Director and the Chairman of the Audit Committee of First American Title Insurance Company of Australia Ltd since 2002. He is also a Director of Four Hats Financial Services Pty Ltd, a venture capital company and is a Director and Chairman of the Audit Committee of First Mac B Limited, a part of the First Mac group, Australia's largest privately owned securitiser of residential housing loans.

Qualifications include Bachelor of Science (Hons), Masters in Business Administration (MBA), Master in Commerce (MCom), Masters in Insurance and Risk Management (MIRM). He is a Fellow of Australian and New Zealand Institute of Insurance and Finance, Chartered Insurance Institute (UK) and Chartered Institute of Bankers(UK), plus the Accounting, Chartered Secretaries, and Management institutes.

For over a decade Mr. Nott was President of the Australia-Britain Society and in recent years Chairman of the Australia-Britain Society Foundation. He is a member of the Cook Society and Fred Hollows Foundation.

Mr Tony Wood
Non-Executive Independent Director

Tony's career extends over 25 years, beginning in the United Kingdom with relocations firstly to South Africa and then in 1986 to Australia. Key roles have included Director, Jones Lang Wootton (now Jones Lang LaSalle) and progression through senior fiduciary positions in the funds management divisions of BZW-Mirvac, BT Funds Management and Record Investments. In 2005 Tony founded the Blaxland Group and he is presently its Managing Director.

Tony's experience integrates best practice in the fundamentals of real estate investment with management of listed as well as unlisted funds. He has worked across a range of international markets including Australia, Asia and Europe.

Non-Executive Independent Director since 10 August 2009.

Mr Mark Thorpe-Apps
Executive Director

Mark has over 15 years experience in funds management and financial services. Mark was a founding member of Pengana Capital, an established boutique fund management group. Mark headed Pengana's property securities team and grew funds under management from $3 million to over $1 billion. Mark was Head of Funds Management at Sama Dubai (based in Dubai). He has held senior property fund management roles with Bankers Trust and Lend Lease. He holds a business degree with majors in finance and marketing as well as a master's degree in applied finance.

Executive Director since 28 August 2009.

Mr Chris Langford
Non-Executive Independent Director

Chris has over 20 years experience in a range of roles within the property industry and brings significant knowledge to his role as an Independent Director. Having worked with Lend Lease and Mirvac on a variety of projects and property sectors, Chris has a thorough understanding of property investment and development. More recently, Chris was CEO of Mirvac Retail Projects until mid 2005, before forming Spyglass Property to focus on commercial and retail property ventures.

Chris is also a commissioner of the Australian Football League and a director of RCL Limited.

Chris holds a Bachelor of Architecture from the University of Melbourne

Non-Executive Independent Director since 17 September 2009.

Corporate Governance Statement

Macarthurcook Fund Management Limited, the Responsible Entity of MacarthurCook Industrial Property Fund (the Fund), and its Board of Directors are committed to following sound corporate governance practices that provide an appropriate framework for managing the Fund for the benefit of Unitholders. In doing so, the Responsible Entity's corporate governance policies follow, where appropriate and possible, the requirements of the Corporate Governance Principles and Recommendations (the Principles) issued by the ASX Corporate Governance Council, having regard to the nature and size of the Responsible Entity's business, and practice within the financial community generally.

A description of the Responsible Entity's main corporate governance policies is set out below.

Principle 1 - Lay solid foundations for management and oversight

1.1 Functions of Board and senior executives

Primary responsibility for the management and oversight of the Responsible Entity rests with the Board, whose overall role is to build long term sustainable value for the Fund's Unitholders, while respecting the interests of all stakeholders.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Responsible Entity, including formulating its strategic direction and monitoring the business objectives. The Board delegates day to day management of the Responsible Entity's affairs to the Executive Chairman and senior executives.

The structure, roles and functions of the Board are set out in a Board Charter, but in broad terms, the Board Charter clarifies the respective roles of the Board and senior management.

To assist in the execution of its oversight and management responsibilities, the Board has established an Audit, Risk and Compliance Committee. This committee has its own written mandate, which is reviewed on a regular basis and it reports back to the Board on their activities through the presentation of reports and minutes of committee meetings.

The Board holds regular two monthly meetings, plus strategy meetings and extraordinary meetings at such times as may be required during the year.

An agenda for the meetings is determined to ensure that certain standing information is addressed and other items which are relevant to reporting deadlines and/or regular review are scheduled when appropriate.

1.2 Evaluation performance of senior executives

The performance of senior executives is reviewed annually against certain criteria. Non-Executive Independent Directors may meet periodically without any executive management to ensure that there is full and frank discussion amongst Directors of issues affecting the Responsible Entity.

Principle 2 – Structure the Board to add value

2.1 Independent directors

At the end of the 2010 financial year, the Board comprised two Non-Executive Independent Directors and three Executive Directors. The Board assessed the independence of its Non-Executive Independent Directors according to the definition contained within the Principles and concluded that two of the five members of the Board were independent.

Subsequent to the end of the financial year on 5 August 2010, Mr. Richard Nott was appointed as a Non-Executive Independent Director and Chairman of the Audit, Risk and Compliance Committee and Mr David van Aanholt resigned from his position of Executive Director and CEO on 16 August 2010. This now means the Board is constituted by two Executive Directors and three Non-Executive Independent Directors.

The skills, experience and expertise of the current Directors are set out in the Directors' Profiles following this Corporate Governance Statement.

The Non-Executive Independent Directors who sat on the Board over the relevant reporting period are Mr Tony Wood and Mr Chris Langford.

2.2 Independent chair

The Chairman of the Board is Mr George Wang, who is not independent according to the criteria set out in the Principles. The position of Chairman for the purposes of Board meetings does however rotate on a regular basis, based on meeting attendance. Given the independence of the Board, it's not considered necessary at this stage for the Chairman to be independent.

2.3 Roles of Chairman and Chief Executive Officer and/or Fund Manager

The roles of Chairman of the Board and Chief Executive Officer and/or Fund Manager are not held by the same individual.

2.4 Nomination Committee

Given the size and structure of MacarthurCook, the Board does not have a Nomination Committee. Some of the roles and responsibilities (where practical) are undertaken by the Board or some of its members.

2.5 Performance evaluation processes

The Board is responsible for reviewing the performance of Directors.

All Directors and senior executives are encouraged to attend professional education courses relevant to their roles. Directors are given access to continuing professional education courses and development programs where requested and in consultation with the Executive Chairman.

Each Director has the right to access all relevant information in respect of the Responsible Entity and to make appropriate enquiries of senior management. Subject to prior consultation with the Executive Chairman, a Director may seek independent professional advice from a suitably qualified advisor.

Principle 3 - Promote ethical and responsible decision making

The Board actively promotes ethical and responsible decision making.

3.1 Code of conduct

The Board has adopted a Code of Conduct which can be viewed on the website of MacarthurCook. The Code of Conduct applies to all Directors, and staff of the Responsible Entity. The Code sets out the core values of the Responsible Entity and the expectations for how employees should conduct their business affairs including:

- Acting in the best interests of Unitholders over and above their own interests.
- Acting with due skill, care and diligence in conducting their business.
- Preserving Unitholder confidentiality at all times.
- Respecting the intellectual property rights of others.
- Protecting and promoting the integrity of the market.
- Avoiding and/or disclosing any real or perceived conflicts of interest.
- Being true to their word.
- Respecting the dignity of others.
- Never knowingly misleading or deceiving others.

The Code of Conduct is discussed with each new employee as part of their induction training.

3.2 Share trading policy

The Board has adopted a Share Trading Policy, which can be viewed on the website of MacarthurCook. Directors and staff (including their immediate family or any entity for which they control investment decisions) must ensure that any trading in securities issued by the Fund is undertaken within the framework set out in this Policy.

The Policy reflects the insider trading provisions of the Corporations Act 2001, such that Directors and management are prohibited from trading in securities of any fund controlled by the Responsible Entity whilst in possession of unpublished price sensitive information. Subject to any knowledge or circumstances that impose a specific prohibition on some or all Directors and management trading, as a general policy, price sensitive information is deemed to be in the public domain once a reasonable time (generally 48 hours) has elapsed following an announcement to allow the market to absorb the contents of the announcement. For reporting of financial results under the ASX's periodic disclosure requirements, the general rule adopted by the Responsible Entity is to restrict trading by Directors and staff for a period of six weeks before the announcement of the results.

Principle 4 - Safeguard integrity in financial reporting

4.1 Audit Committee

The Board has established an Audit, Risk and Compliance Committee, which provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Responsible Entity's financial reporting, internal controls structure, risk management systems and external audit functions.

The Audit, Risk and Compliance Committee review the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations. The Committee has full access to all books, records, facilities and personnel of the Responsible Entity, as well as the authority to engage independent counsel and other advisers it determines necessary to carry out its duties.

4.2 Structure of the Audit Committee

The members of the Audit, Risk and Compliance Committee are:

Mr. Richard Nott
Chairman (Non-Executive Independent Director appointed 5 August 2010);

Mr Tony Wood
(Non-Executive Independent Director); and

Mr. Mark Thorpe-Apps
(Executive Director).

At any given time, the Committee must comprise no less than two Independent Directors as selected by the Board. All the Committee members are financially literate.

4.3 Audit Committee Charter

The role and responsibilities, composition, structure, membership requirements and procedures for the Audit, Risk and Compliance Committee are set out in the Audit, Risk and Compliance Committee Charter, which can be viewed on the website of MacarthurCook.

The Board relies on management for day to day monitoring of the internal controls within the Responsible Entity. Financial performance is monitored on a regular basis by management who report to the Board at the scheduled Board meetings and through Audit, Risk and Compliance Committee meetings.

The Board requires the Executive Chairman and the Chief Financial Officer (or Financial Controller) to provide a written statement that the financial statements of the Responsible Entity present a true and fair view, in all material respects, of its financial position and operational results. In addition, confirmation is provided that all relevant accounting standards have been appropriately applied.

Principle 5 - Make timely and balanced disclosure

5.1 Disclosure policies

The Board is committed to the promotion of investor confidence by providing full and timely information to all unitholders and market participants about the Responsible Entity's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX Listing Rules.

The Responsible Entity has a Continuous Disclosure Policy to ensure that it meets the continuous disclosure obligations. A copy of the Continuous Disclosure Policy is on the web site of MacarthurCook.

Principle 6 - Respect the rights of Unitholders

6.1 Communications policy

MacarthurCook's policies for communication with Unitholders are set out in its Communications Policy, which can be viewed on the website of MacarthurCook. The aim of the Board is to ensure that investors are informed of all major developments affecting MacarthurCook through:

- the annual report;
- disclosures made to the ASX in the form of market announcements and investor updates;
- notices and explanatory memoranda of annual general meetings and other Unitholder meetings;
- responses to enquiries from Unitholders; and
- occasional letters/updates from the Executive Chairman or the Fund Manager to specifically inform Unitholders of key matters of interest.

The Responsible Entity, when it convenes one, makes available at the annual general meeting a lead partner from the Responsible Entity's auditors, to answer questions about the conduct of the audit and the content of the Auditor's Report.

Principle 7 - Recognise and manage risk

7.1 Risk management policies

MacarthurCook has established procedures for:

- the oversight of risk management activities through the roles of the Board and the Audit, Risk and Compliance Committee.
- a risk management framework and policy for the identification, management and monitoring of material business risks.

The Risk Management Framework and Policy forms a part of the Responsible Entity's Policy Manual.

7.2 Risk management systems

The Board has primary oversight of risk management policies and practices and has adopted an appropriate risk management framework and policy.

In accordance with its Charter, the Audit, Risk and Compliance Committee has more direct responsibility for overseeing the risk management framework and risk management practice. MacarthurCook has a Head of Legal and Compliance and a dedicated Compliance Manager, who are responsible for reporting to the Board on compliance issues and recommending ways in which the Responsible Entity may improve its systems and compliance monitoring.

The Board reviews the effectiveness of the risk management and internal control systems on an ongoing basis through regular certifications and review undertaken by the finance and compliance functions together with a formal annual review.

7.3 Executive risk management declaration

The Board requires the Executive Chairman and the Chief Financial Officer (or his/her equivalent) to report to it on the effectiveness of the Responsible Entity's management of its material business risk in conjunction with the review of the half year and full year financial results. The Board also receives assurances from the Executive Chairman and the Chief Financial Officer (or his/her equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal controls and that the system is operating effectively in all material respects in relation to the financial reporting of risks.

Principle 8 - Remunerate fairly and responsibly

8.1 Remuneration committee

Due to the size and structure of MacarthurCook, the Board does not have a Remuneration Committee. The role and responsibilities of the Remuneration Committee are carried out by the Executive Chairman in conjunction with the Head of Human Resources.

The Responsible Entity also reviews and approves executive total remuneration packages and terms of employment annually, having regard to performance, relevant comparative information and, where relevant, independent expert advice.

8.2 Remuneration structure

The Executive Chairman and senior executives receive salary packages which may include performance-based components designed to reward and motivate. Non-Executive Independent Directors receive fees agreed on an annual basis by the Board. There are no retirement schemes in place for Non-Executive Independent Directors.

Financial Report
for the year ended 30 June 2010

MacarthurCook Industrial Property Fund (ARSN 114 263 688)

Contents

Directors' Report

for the year ended 30 June 2010

The Directors of MacarthurCook Fund Management Limited (the "Responsible Entity" or "MCKFM") (ABN 79 004 956 558 and AFS Licence No. 258052), the Responsible Entity of the MacarthurCook Industrial Property Fund (the "Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2010 and the Auditor's Report thereon.

RESPONSIBLE ENTITY

The principal place of business of the Responsible Entity and of the Fund at the date of this report is Level 16, Central Square, 323 Castlereagh Street, Sydney, NSW 2000.

The registered office of the Responsible Entity and of the Fund at the date of this report is Level 16, Central Square, 323 Castlereagh Street, Sydney, NSW 2000.

DIRECTORS

The Directors of the Responsible Entity during or since the end of the financial year are:

Mr George Wang 48
BE

Executive Chairman

George is the founding CEO of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. George came to Australia from China 20 years ago and founded AIMS Financial Group 2 years later. In its eighteen year life, AIMS has evolved into a diversified financial services group, active in the areas of lending, securitisation, investment banking, real estate funds management and properties, resources, high-tech and infrastructure investment.

In the course of developing AIMS Financial Group into a significant financial services group in Australia, George has developed a strong skill base in the areas of securitisation, real estate funds management, structured finance and innovative financial product development. George has developed an extensive business network in both Australia and China.

In China, George is active in the Chinese financial sector; he is an advisor for a number of Chinese Government bodies and Government agencies. He holds the position of Deputy President of the International Trade Council of China, a constituent body of China Council for the Promotion of International Trade.

In Australia, George is the President of the Australia-China Finance & Investment Council. As the President of Australia-China Finance & Investment Council, George has been laying the foundation for the financial bridge between Australia and China for many years.

George is currently the Executive Director of AIMS Financial Group, a Non-Executive Director of Asia Pacific Exchange Limited and a Non-Executive Non-Independent Director of the AIMS AMP Capital Industrial REIT in Singapore.

Director since 14 July 2009 and Executive Chairman since 7 August 2009.

Mr Richard Nott 68
BSc, MComm, MBA

Non-Executive Independent Director

Chairman of the Audit Committee

Richard Nott is a former General Manager and Chief Executive of CGU Lenders Mortgage Insurance Ltd; General Manager Corporate Banking at Standard Chartered Bank Australia Ltd; General Manger Banking and Associate Director at Australian Bank, plus a twenty six year career with National Australia Bank throughout Australia and England. He was for some years a Director of Prime Insurance group, a Bermudan based Lenders' Mortgage Insurer.

Richard is a Director and the Chairman of the Audit Committee of First American Title Insurance Company of Australia Ltd since 2002. He is also a Director of Four Hats Financial Services Pty Ltd, a venture capital company and is a Director and Chairman of the Audit Committee of First Mac B Limited, a part of the First Mac group, Australia's largest privately owned securitiser of residential housing loans.

Qualifications include Bachelor of Science (Hons) in banking, and Masters Degrees in Business Administration, Commerce, Insurance and Risk Management. He is a Fellow of Australian and New Zealand Institute of Insurance and Finance, Chartered Insurance Institute (UK) and Chartered Institute of Bankers(UK), plus the Accounting, Chartered Secretaries, and Management institutes.

For over a decade Mr. Nott was President of the Australia-Britain Society and in recent years Chairman of the Australia-Britain Society Foundation. He is a member of the Cook Society and Fred Hollows Foundation.

Non-Executive Independent Director and Chairman of the Audit, Compliance and Risk Committee since 5 August 2010.

Mr Tony Wood 53
BSc (Hons), FRICS, FAPI

Non-Executive Independent Director

Tony's career extends over 25 years, beginning in the United Kingdom with relocations firstly to South Africa and then in 1986 to Australia. Key roles have included Director, Jones Lang Wootton (now Jones Lang LaSalle) and progressed through senior fiduciary positions in the funds management divisions of BZW-Mirvac, BT Funds Management and Record Investments. In 2005 Tony founded the Blaxland Group and he is presently its Managing Director.

Tony's experience integrates best practice in the fundamentals of real estate investment with management of listed as well as unlisted funds. He has worked across a range of international markets including Australia, Asia and Europe.

Non-Executive Director since 7 August 2009.

Mr Mark Thorpe-Apps 41
MAF, BBus

Executive Director

Mark has over 15 years experience in funds management and financial services. Mark was a founding member of Pengana Capital, an established boutique fund management group. Mark headed Pengana's property securities team and grew funds under management from $3 million to over $1 billion. Mark was Head of Funds Management at Sama Dubai (based in Dubai). He has held senior property fund management roles with Bankers Trust and Lend Lease. He holds a business degree with majors in finance and marketing as well as a master's degree in applied finance.

Executive Director since 28 August 2009.

Mr Christopher Langford 47
B.Arch.

Non-Executive Independent Director

Chris Langford has more than 21 years of property industry experience derived from various roles in retail, commercial and residential property sectors. Chris is currently a director of development group Spyglass Property. Having previously worked at Lend Lease and Mirvac, Chris has a thorough understanding of the many issues involved in the creation and delivery of large scale projects.

Chris is also a director of Babcock & Brown Residential Land Partners Limited and a Commissioner of the Australian Football League. Chris holds a Bachelor of Architecture from the University of Melbourne.

Non-Executive Director since 17 September 2009.

Mr David van Aanholt 42
MBA, BBus

Executive Director

David has over 20 years of experience in the Property Funds Management industry. David's previous roles have included Chief Executive Officer (Asia Pacific) of the Goodman Group (previously known as Macquarie Goodman) overseeing the Group's operations in Australia, New Zealand, Hong Kong and Singapore and various Fund Manager roles for Paladin Australia Limited (acquired by Deutsche Bank) and Macquarie Goodman Industrial Fund.

David holds a Bachelor of Business and a Master's Degree in Business Administration. David is also a Fellow of the Australian Property Institute.

Executive Director and Chief Executive Officer since 23 June 2010.

Resigned as a Director on 16 August 2010.

Mr Simon Grant 49
BComm, LLB

Executive Director

Simon has a successful background in the financial services industry and has held the roles of Managing Director of SAI Private Group and Group General Manager of Australian Unity before jointly founding the financial advisory firm Kingfisher Financial Services. He also has significant business experience in overseas markets.

Simon was a director of MacarthurCook Fund Management Limited and MacarthurCook Real Estate Funds Limited and is a non-executive director of St Kilda Saints Football Club Ltd.

Simon holds a Bachelor of Commerce and a Bachelor of Laws (University of Melbourne) and he is also a fellow of the Institute of Chartered Secretaries (and former Victorian Branch Counsellor and former Chairman of its National Legislation Review Committee).

Executive Director since 10 March 2009.
Resigned as Director on 28 August 2009.

Mr Richard M Haddock 60
BA, LLB, FAIM, FAICD, FFin

Independent Chairman and Non-Executive Director

After an initial career as a lawyer, Richard spent over 20 years in the investment banking industry with BNP Paribas. From 1988 until 2001 he was Deputy General Manager for Australia, a position directly responsible for the investment banking, treasury, funds management and stockbroking activities of BNP Paribas. Richard was previously Chairman of Cashcard Australia Limited, Deputy Chairman of BNP Paribas Investment Management (Australia) Limited, a Director of AXA Insurance (Australia) Limited, a Director of Colonial First State Private Capital Limited and Chairman of its Audit Committee and a committee member of the Salvation Army Red Shield Appeal.

Richard is currently a Director of Tishman Speyer Australia Limited and Chairman of its Audit Committee, Chairman of Centacare, Chairman of Commonwealth Managed Investments Ltd, a director of SCS Superannuation Pty Ltd, a director of the Retirement Village Group, a director of and Honorary Treasurer of Caritas Australia.

Chairman and Non-Executive Director since 22 December 2003.

Resigned as a Director on 7 August 2009.

Ms Jane Tongs 50
FCA, FCPA, AICD, BBus, MBA

Non-Executive Director

Jane has significant experience in corporate governance and financial services particularly within insurance, funds management and superannuation.

A former Partner with PricewaterhouseCoopers, Jane is an independent Non-Executive

Director of a number of companies. These include Chairman of Netwealth Investments Limited and director of Workcover SA, Run Limited, LCM Healthcare Limited, Centacare and Leadership Victoria. Jane chairs the Audit and Risk Management Committees for Netwealth, Run, Workcover SA, LCM Healthcare and Centacare.

Chairman of MacarthurCook Pty Limited's (formerly known as MacarthurCook Limited's) Audit, Risk and Compliance Committee since 26 September 2007 until 7 August 2009.

Independent Non-Executive Director since 26 September 2007.

Resigned as a Director on 7 August 2009.

Mr Craig M Dunstan 50
BComm, LLB, MBA, F Fin

Managing Director

The founder of MacarthurCook Pty Limited, Craig has held senior management positions with the National Mutual and Lend Lease Groups prior to his appointment as General Manager of Financial Services and Chief Investment Officer of Australian Unity in 1995. He resigned from Australian Unity in 2002 to establish MacarthurCook.

Managing Director and Chief Investment Officer since 22 December 2003 until 13 July 2009.

Mr Geoff W Coffey 62
FCPA, ACIS ACIM, GAICD, Dip FP

Non-Executive Director

Geoff has extensive experience in finance, investment, construction and infrastructure. Formerly General Manager Development and Investment with the John Holland Group. His other previous positions include Finance Director at Azon Limited, General Manager Finance at Atlas Steel Limited and Chief Financial Officer at McConnell Dowell Limited. Geoff was previously a director of the Australian Council for Infrastructure Development.

Geoff is currently a Director of Pacific Hydro Limited, Chairman of Utilities of Australia Pty Ltd, a Non-Executive Director of Forestry Tasmania and the Tasmanian Irrigation Development Board and Chairman of Ceos Pty Limited.

Independent Non-Executive Director since 26 September 2007.

Resigned as a Director on 14 July 2009.

Mr A Hugh Gurner 54
BA (Legal Studies), FAICD

Non-Executive Director

Hugh has over 20 years experience in corporate finance and the financial services industry, having held senior roles in the analysis of ASX-listed companies and trusts operating in the property development and property trust sectors.

Hugh was a founding executive director of Citadel Pooled Development Limited, an ASX-listed venture and development capital company.

Member of MacarthurCook Pty Limited's Audit, Risk and Compliance Committee since 5 May 2003 until 14 July 2009.

Independent Non-Executive Director since 22 December 2003.

Resigned as a Director on 14 July 2009.

PRINCIPAL ACTIVITIES

The Fund is a listed registered managed investment scheme domiciled in Australia.

The Fund is listed on the Australian Securities Exchange Limited (ASX) (ASX code: MIF).

The investment objective of the Fund is to provide investors with the opportunity for regular quarterly income and long term capital growth, from investing in a diversified portfolio of industrial property located in Australia.

REVIEW AND RESULTS OF OPERATIONS

The operating result for the financial year ended 30 June 2010 was a net profit of $3,162,000 (2009: net loss $40,032,000). Investment income improved during the year by $41,570,000. These improvements are mainly due to the decrease in loss on investment properties from $24,298,000 in 2009 to $4,708,000 in 2010; a realised gain on sale of investment properties of $1,204,000 (2009: realised loss $1,737,000) and net gain in fair value of financial derivatives and listed securities of $1,542,000 (2009: net loss $15,300,000). In addition, the total expenses during the year reduced by $1,624,000.

All amounts in this financial report are presented in Australian dollars, which is the Fund's functional currency unless otherwise stated.

Performance

The performance of the Fund is represented by the aggregation of the percentage capital growth and percentage distribution of income to Australian registered Unitholders, in the following table:

	Year ended 30 June	
	2010 %	**2009 %**
Distribution return	14.16	1.38
Growth return	118.75	(65.59)
Total return	**132.91**	**(64.21)**

The distribution return is calculated on the basis of the gross distribution to Unitholders before deducting any withholding tax which may be applicable. The growth return relates to the movement between the closing bid price at 30 June 2009 of $0.16 and the closing bid price on the ASX on 30 June 2010 of $0.35. As of 25 August 2010, the bid price has been increased to $0.41.

The above returns have been calculated after fees and assuming reinvestment of distributions within Australia, in accordance with IFSA Standard 6.00 Product Performance – calculation and presentation of returns.

The Fund paid distributions totalling 1.8000 cents per Unit during the year (2009: 1.8125 cents per Unit) on the closing Unit price at 30 June 2010 of $0.35 (2009: $0.16) which, excluding the impact of the re-investment of distributions, represents a return of 11.25% (2009: 3.90%).

The growth return of 118.75% is largely a result of the market volatility recovering from the global financial crisis. As the Australian economy stabilised, a number of Australian Real Estate Investment Trusts ("A-REITs") raised billions of dollars of equity, which contributed to the stabilisation of the broader A-REIT market. During this time, the Responsible Entity was able to make considerable improvements to the Fund's balance sheet, which assisted in also stabilising the Fund. Since the year end, the Fund has had positive growth return of 17%, up to 25 August 2010.

Value of the Fund's assets

The Fund's total assets were valued at $114.7 million as at 30 June 2010 (2009: $137.2 million). At 30 June 2010, the Net Tangible Asset ("NTA") value was 64.80 cents per Unit (30 June 2009: 63.51). As a result of the uncertainty in securities markets and listed property securities in particular, the unit price has fallen below the fair value of the Fund's underlying assets and represents a discount to the NTA of 46% (30 June 2009: 75%). Based on the bid price of $0.41, as at 25 August 2010, this discount would be reduced to 37%.

Fees paid to the Responsible Entity

During the year, the Responsible Entity and its associates were paid fees and reimbursement of expenses out of the Fund's assets in accordance with provisions of the Fund Constitution, as follows:

	2010 $	**2009** $
Management fees paid and payable by the Fund	854,571	1,039,334
Fund expenses reimbursed to the Responsible Entity	240,254	327,527

Distributions

Distributions paid or payable in respect of the year were:

	2010		**2009**	
	($'000s)	Cents per unit	($'000s)	Cents per unit
Distributions to Unitholders	1,769	1.8000	1,772	1.8125
Total distributions	**1,769**		**1,772**	

The stapled securities were unstapled on 29 August 2008 and from that day each stapled security holder held 1 unit and 1 option for each stapled security previously held. The Units and Options were separately quoted and traded on the ASX. Option holders had the right but not the obligation to purchase a Unit at $1.10 between 1 September 2008 and the option expiry date of 31 August 2009. At the expiry date of the options, 97,794,695 options lapsed.

Directors' Interests

At the date of this report, no Directors or Director Related Parties of the Responsible Entity held any interest in the Fund's unit capital.

Interest of the Responsible Entity and associates

Details of holdings in the Fund by the Responsible Entity, other funds operated by the Responsible Entity and other related parties are set out below:

Year end 30 June 2010 Entity / Person	**Relationship**	**Units held** ('000s)	**Interest held** %	**Units purchased** ('000s)	**Units sold** ('000s)	**Distribution paid/payable** ('$000s)
MacarthurCook Fund Management Limited	Responsible Entity	6,142	6.24	--	--	111
MacarthurCook Property Securities Fund	Common Responsible Entity	15,234	15.47	--	--	274
MacarthurCook Diversified Property Income Fund	Common Responsible Entity	1,657	1.68	--	--	30
MacarthurCook Real Estate Funds Limited	Related Entity	915	0.93	--	--	16
		23,948	**24.32**	**--**	**--**	**431**

Year end 30 June 2009 Entity / Person	**Relationship**	**Units held** ('000s)	**Interest held** %	**Units purchased** ('000s)	**Units sold** ('000s)	**Distribution paid/payable** ('$000s)
MacarthurCook Fund Management Limited	Responsible Entity	6,142	6.26	7,057	7,792	128
MacarthurCook Property Securities Fund	Common Responsible Entity	15,234	15.53	--	--	276
MacarthurCook Diversified Property Income Fund	Common Responsible Entity	1,657	1.69	--	--	30
MacarthurCook Real Estate Funds Limited	Related Entity	915	0.93	915	-	-
Mr Richard M Haddock	Director	223	0.23	17	--	4
Mr Craig M Dunstan	Director	50	0.05	--	--	1
		24,221	**24.69**	**7,989**	**7,972**	**439**

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Market conditions for A-REITs, such as this Fund, continue to be difficult as a result of the global financial crisis.

While property values have generally stabilised, equity and debt funding continue to be difficult and/or expensive to obtain, and some tenants continue to feel the pressure of a more subdued economic environment. The focus of the management of the Fund has continued to be on strengthening the Fund's statement of financial position to protect Unitholders' capital.

The Fund has a current loan facility from National Australia Bank with a facility expiry date of 31 August 2010. The loan facility has been reduced from $70 million at 30 June 2009 to $46.4 million at 30 June 2010. The loan facility was recently extended to 31 December 2010.

The Fund's current borrowings represent a loan to value ratio (LVR) of approximately 43.8% (2009: 55.6%) of direct property assets, which is within the Fund's covenanted maximum loan to value ratio under the facility of 62.5%. The gearing for the Fund including all listed securities is approximately 43.8% (2009: 53.5%), following the sale of the investment in a Singapore Industrial REIT. The Responsible Entity will now focus on investments purely in the Australian industrial property market.

On 14 July 2009, AIMS Securities Holdings Pty Ltd ("AIMS Securities") became the ultimate holding company of the Responsible Entity and subsequently acquired 100% of MacarthurCook Pty Limited, the immediate holding company of the Responsible Entity.

Other than the matters discussed above, there have been no other significant changes in the state of affairs of the Fund that occurred during the financial year.

GOING CONCERN

The Fund's Multi-Currency Loan Facility with the National Australia Bank expires on 31 December 2010. This represents a 4 month extension of the existing facility from 31 August 2010. Under the terms of the Scheme of Implementation referred to below, the outstanding debt on the facility will be repaid in full on Implementation Date by CommonWealth REIT. The extended facility term provides sufficient time for the Scheme of Implementation and repayment to occur.

In the event that the Scheme of Implementation does not proceed, the Fund will seek to refinance the facility with the National Australia Bank prior to the expiry of the extension. The National Australia Bank has indicated that it will be willing to engage with the Fund to work to provide a further extension or a new term facility based on similar terms to the extension.

The Directors are of the view that there are reasonable grounds to prepare the financial report on a going concern basis. The directors have formed this view with regard to the following factors:

- The LVR of the Fund is less than 44%, thereby increasing the prospects of refinancing the facility.
- The cash flow forecast prepared for the Fund supports the increase in cost of funds that is likely to be required to refinance the facility as well as all ongoing debt servicing obligations.
- An asset sale program is available to the Fund in the event that refinancing is not available.

In the unlikely event the loan facility cannot be renewed beyond the extension expiry date of 31 December 2010 and an orderly asset sale cannot eventuate, then the realisation of assets may not occur at amounts stated in the financial report. This may in turn have a bearing on the ability of the Fund to extinguish its liabilities in the ordinary course of business.

LIKELY DEVELOPMENTS

The Responsible Entity of the Fund announced on 3 May 2010 that it had received a proposal (Original Proposal) from CommonWealth REIT (formerly HRPT Properties Trust) (CWH) to acquire all of the Units in the Fund. CWH is a publicly traded U.S. REIT, which is listed on the New York Stock Exchange under the symbol CWH. On 12 July 2010, the Responsible Entity announced that it had received a Revised Proposal from CWH (Revised Proposal) which included an increase in the proposed offer price. The Original Proposal and Revised Proposal (together the CWH Proposal) are detailed below. If the CWH Proposal is successful, the underlying portfolio will continue to be managed by the Responsible Entity on behalf of CWH.

The Responsible Entity of the Fund further announced on 28 May 2010 that it had received a notice (Notice) under section 252L of the Corporations Act 2001 (Cth) requesting that a resolution be put to Unitholders to consider whether to amend the termination provisions of the Fund's constitution (Wind-up resolution). The Wind-up Resolution is detailed below.

Background

Since AIMS Financial Group acquired control of MacarthurCook Fund Management Limited in August 2009, the Responsible Entity has been actively pursuing a range of alternatives to maximise Unitholder value and reduce the gap between the Fund's net tangible asset backing per unit and the current market trading price of the Fund's Units. This process led to the Board having discussions with CWH who conducted extensive due diligence on the Fund and submitted the Original Proposal.

Details of the Original Proposal

The Original Proposal involved Fund Unitholders receiving a cash price of approximately $0.41 per Unit. This was comprised of a cash offer by CWH to acquire 100% of the Units in the Fund for $0.40 per Unit and an estimated special distribution of no less than $0.01 per Unit. The Original Proposal was to be executed via a trust scheme and is conditional on (among other things) Unitholder approval, relevant approvals from the Foreign Investment Review Board and receipt of tax rulings from the Australian Tax Office.

Revised Proposal

The Revised Proposal from CWH involves Fund Unitholders receiving a cash price of $0.44 per MIF Unit for the acquisition of 100% of the Units in the Fund. The revised price of $0.44 cash per MIF Unit represents a 7.3% increase relative to the Original Proposal which comprised an offer price of $0.40 and a special distribution of no less than $0.01. Under the Revised Proposal, there will be no special distribution paid.

In addition to the increased cash offer, the Revised Proposal involves three other material changes which have been documented in a variation of the Scheme Implementation Agreement (SIA) which was lodged with the ASX on 3 May 2010.

- The Market Disruption Event (MDE) increased to a threshold of a 15% fall from the 30 April 2010 close of Dow Jones Industrial Average and All Ordinaries Index (previously 10%). In addition to increasing the cash offer, fund Unitholders should note that CWH has agreed to waive its termination right in relation to all previous MDE's which preceded the signing of the amending deed containing the Revised Proposal.
- The "End Date" may be extended by up to three months if CWH reasonably considers the necessary tax rulings will not be received from the Australian Tax Office by 30 September 2010.
- If both the Revised Proposal and the Wind-up Resolution to amend the termination provisions of the Fund's constitution are approved at the Unitholder meeting, then the Wind-up Resolution will prevail (a position subsequently modified to suit ASIC policy).

Special Board Committee

A Special Board Committee (SBC) was formed to consider the CWH Proposal due to the ongoing management arrangements proposed between CWH and MCKFM. The SBC is comprised of Tony Wood (Independent Director), Chris Langford (Independent Director) and Mark Thorpe-Apps (Executive Director, Funds Management).

CWH Proposal

The SBC has determined that the CWH Proposal is worthy of consideration by the Fund's Unitholders. The SBC believes that the CWH Proposal may be attractive to Unitholders as it provides a cash exit at a 36% premium to the Fund's 10 day volume weighted average price to 30 April 2010.

Accordingly, the Responsible Entity entered into the SIA with CWH to enable the CWH Proposal to be put to the Fund's Unitholders for their consideration. The SBC has engaged Macquarie Capital Advisers as financial adviser and Blake Dawson as legal adviser.

The SBC commissioned an independent expert to opine on whether the proposal is fair and reasonable. The draft independent expert report was recently completed and concludes that the CWH Proposal is "not fair but reasonable". This means that while the value of the offer does not reflect the reported fair value of the assets, the offer does reflect reasonable value in the light of current and prevailing market conditions, and should be accepted by Unitholders subject to no superior proposal emerging.

Wind-Up Resolution

The proposed Wind-up Resolution would introduce a termination event into the Fund's constitution requiring the Fund to be wound up by 31 December 2011. The termination event would be triggered if the volume weighted average price of the Fund's Units on the ASX for the 15 trading days up to and including 30 June 2010 was less than $0.57. The average price did not exceed the $0.57 threshold during the specified period. As a result, should the Wind-up Resolution be passed by Unitholders, the Responsible Entity would need to complete the wind-up of the fund by 31 December 2011.

The Responsible Entity is obliged to put the Wind-up Resolution to Unitholders at the same meeting as the CWH Proposal. The SBC has concluded that Unitholders may prefer to have certain, cash consideration in the short term rather than rely on a wind-up over the time to deliver value. The SBC is particularly concerned that the wind-up timeframe under the Wind-up Resolution may force the assets to be sold under known time pressures resulting in prices that may reflect less than fair, and less than current, values.

Next steps

The SBC's formal recommendation is contained in the scheme booklet expected to be sent to Unitholders on or about the date of this report, which will also be accompanied by the report of the independent expert. The scheme booklet contains details of the Unitholder meeting to be held in late September at which Unitholders will vote on the CWH Proposal and the Wind-up Resolution.   holders will be able to choose between the two alternative strategies and determine the future direction of the Fund.

The SBC recommends that Unitholders vote in favour of the CWH Proposal, subject to no superior proposal emerging.

If both the CWH Proposal and the Wind-Up Resolution are passed by the requisite majority of Unitholders at the meeting then the Wind-up Resolution will prevail and the Fund will be required to wind-up by 31 December 2011.

If the CWH Proposal is approved and the Wind-up Resolution is not approved (subject to all the conditions precedent being satisfied by 30 September 2010), the CWH Proposal will be implemented by 6 October 2010.

Further information about likely developments in the operations of the Fund and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

The estimated costs to prepare the Explanatory Memorandum, including supporting documentation and processes, are estimated at $1.8 million. Further fees become payable should the CWH Proposal be approved and the Wind-up Resolution not approved.

ENVIRONMENTAL REGULATION

The Fund owns industrial properties. The activities undertaken on the properties are subject to environmental regulations. Primary responsibility for compliance with these regulations rests with the tenants of these properties. With the exception of the following situation the Board is not aware of any reportable events pertaining to environmental regulations.

The tenant of the Tasmanian properties at Mowbray and Rocherlea, Automotive Components Limited (ACL), has been issued with Environmental Protection Notices by the Environmental Protection Authority (Tasmania) for elevated concentrations of contaminants in the groundwater. As a result both properties are subject to a regular and ongoing independent monitoring program. The monitoring program is funded by the tenant through a $1m escrow fund that was established between the Responsible Entity and ACL. The latest monitoring report showed no deterioration in the contamination and recommended ongoing monitoring with no need to implement contingency plans at this time.

We note that while the tenant is legally liable to fund and manage the required actions agreed with the EPA, there is a risk that the liability may devolve to the land owner (being the Fund) in the event that the tenant cannot meet its obligations. To date ACL has met its obligations in full.

However, the directors note that ACL is in administration and hence there is a risk that any remedial costs incurred above the $1 million in escrow funds may not be met by ACL in the event it proceeds into liquidation. At the time of reporting the Directors do not hold sufficient information to reliably assess ACL's capacity to meet its environmental obligations should the costs exceed the $1 million held in escrow. The costs and positive conclusions of the independent monitoring program to date provide the directors with comfort that the $1 million in escrow is sufficient to meet the current obligations for the foreseeable future if the contamination continues to remain below the trigger points for implementing contingency plans beyond regular monitoring. The Responsible Entity will continue to manage the situation closely.

The Fund's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

EVENTS SUBSEQUENT TO BALANCE DATE

On 12 July 2010, the Responsible Entity announced that it had received a Revised Proposal from CommonWealth REIT (CWH) (refer to "Likely developments").

Other than as noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICER OR AUDITORS

Under the Fund's Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund. The Fund has not indemnified any auditor of the Fund.

Insurance premiums

No insurance premiums are paid out of the Fund's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Audit, Risk and Compliance Committee or the auditors of the Fund.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 30 and forms part of the Directors' Report for the year ended 30 June 2010.

ROUNDING OF AMOUNTS

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, as amended, and in accordance with that Class Order, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors of MacarthurCook Fund Management Limited.

Mr George Wang
Executive Chairman

Sydney, August 2010

Auditor’s Independence Declaration

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of MacarthurCook Fund Management Limited, the responsible entity of the MacarthurCook Industrial Property Fund.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

DM Scammell
Partner

Melbourne

25 August 2010

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	2010 ($'000s)	2009 ($'000s)
INVESTMENT INCOME			
Rental income		12,982	15,061
Interest income		225	107
Distribution income		250	1,769
Unrealised loss on investment properties	4	(4,708)	(24,298)
Realised gain / (loss) on sale of investment properties		1,204	(1,737)
Net change in fair value of listed securities	5	663	(11,232)
Net change in fair value of financial derivatives	5	879	(4,068)
Net loss on foreign exchange		(2)	(5,050)
Sundry income		629	-
Net investment income / (loss)		**12,122**	**(29,448)**
EXPENSES			
Property outgoings		2,788	3,065
Responsible Entity fees	19	855	1,039
Administration expenses	6	932	484
Borrowing costs	6	4,219	5,441
Other expenses		166	99
Impairment loss on rental income receivables	12	-	456
Total expenses		**8,960**	**10,584**
Net profit / (loss) for the year attributable to Unitholders		**3,162**	**(40,032)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year attributable to Unitholders		**3,162**	**(40,032)**
Earnings/(losses) per unit attributable to Unitholders:			
Basic earnings/ (losses) per unit (cents)	10	3.21	(40.86)
Diluted earning/ (losses) per unit (cents)	10	3.21	(40.86)

The notes on pages 34 to 53 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2010

	Units on issue		Accumulated losses		Total Equity	
	2010 ($'000s)	2009 ($'000s)	2010 ($'000s)	2009 ($'000s)	2010 ($'000s)	2009 ($'000s)
Opening balance	97,766	97,508	(35,482)	6,322	62,284	103,830
Net profit / (loss) for the year			3,162	(40,032)	3,162	(40,032)
Transactions with Unitholders						
Issue costs	-	23			-	23
Units issued under distribution						
re-investment plan	100	235			100	235
Distributions paid/payable (note 8)			(1,769)	(1,772)	(1,769)	(1,772)
Closing balance	**97,866**	**97,766**	**(34,089)**	**(35,482)**	**63,777**	**62,284**

The notes on pages 34 to 53 are an integral part of these financial statements.

Statement of Financial Position

for the year ended 30 June 2010

	Note	2010 ($'000s)	2009 ($'000s)
ASSETS			
Cash and cash equivalents	11	7,307	3,467
Loans and receivables			
Receivables	12	1,931	1,899
Financial assets held at fair value through profit or loss:			
Listed securities	13	-	6,171
Investment properties	4	104,612	124,765
Prepayments		896	851
Total assets		**114,746**	**137,153**
LIABILITIES			
Financial liabilities held at fair value through profit or loss:			
Derivative financial instruments	13	1,349	2,227
Financial liabilities measured at amortised cost:			
Interest bearing liabilities	15	46,400	70,000
Payables	14	2,728	2,642
Distributions payable	8	492	-
Total liabilities		**50,969**	**74,869**
NET ASSETS		**63,777**	**62,284**
EQUITY			
Units on issue	9	97,866	97,766
Accumulated losses		(34,089)	(35,482)
Total equity		**63,777**	**62,284**

The notes on pages 34 to 53 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2010

	Note	2010 ($'000s)	2009 ($'000s)
CASH FLOWS FROM OPERATION ACTIVITIES			
Rental income received		12,950	14,326
Distributions received		250	1,831
Interest received		225	107
Other income		629	-
Property outgoings paid		(2,788)	(3,650)
Responsible Entity fees paid		(893)	(428)
Other expenses paid		(922)	(590)
Net cash flows from operating activities	18	**9,451**	**11,596**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from sale of investment properties		16,907	21,813
Net proceeds from sale of listed securities		6,835	1,272
Capital expenditure paid		(258)	(5,966)
Net cash flows from investing activities		**23,484**	**17,119**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	27,384
Repayment of borrowings		(23,600)	(47,709)
Interest and other costs of finance paid		(4,318)	(4,514)
Issue costs		-	(384)
Distributions paid [(a)]		(1,177)	(3,305)
Net cash flows used in financing activities		**(29,095)**	**(28,528)**
Net increase in cash and cash equivalents		3,840	187
Cash and cash equivalents at beginning of year		3,467	3,280
Cash and cash equivalents at end of year	11	**7,307**	**3,467**

a) Distributions paid is net of $100,004 (2009: $234,675) which was reinvested under the Fund's distribution reinvestment plan.

The notes on pages 34 to 53 are an integral part of these financial statements.

Notes to the Financial Statement

for the year ended 30 June 2010

1. REPORTING ENTITY

MacarthurCook Industrial Property Fund (the “Fund”) is a registered Managed Investment Scheme under the Corporations Act 2001 and domiciled in Australia. The Fund is listed on the Australian Securities Exchange Limited (ASX) (ASX code: MIF). The Financial Report of the Fund is for the year ended 30 June 2010.

The investment objective of the Fund is to provide investors with the opportunity for regular quarterly income and long term capital growth, from investing in a diversified portfolio of industrial property located in Australia.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Financial Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (“AASBs”) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (“AASB”), and the Corporations Act 2001. The Financial Report of the Fund complies with International Financial Reporting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

The Financial Report was authorised for issue by the Directors of the Responsible Entity on 25 August 2010.

(b) Basis of measurement

The Financial Report have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value
- Investment properties are measured at fair value

(c) Functional and presentation currency

The Financial Report is presented in Australian dollars, which is the Fund’s functional currency.

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, as amended, and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect are recognised in Note 4 - Investment properties and Note 20 - Financial instruments.

(e) Changes in accounting policies

As of 1 July 2009, the Fund has changed its accounting policies in the following areas:

Presentation of financial statement

The Fund applies amended AASB 101 Presentation of financial statements (September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards resulting from AASB 101, which are applicable for annual periods beginning on or after 1 January 2009. This presentation has been applied within these financial statements as of and for the year ended 30 June 2010. Since the application only affects presentation aspects of the primary financial statements, there is no impact on the financial position or financial performance of the Fund.

Classification of puttable financial instruments

The Fund applies accounting standard AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation. There has been no change to the classification of the units issued by the Fund as a result of application of this standard. As such the application of the standard has not had an impact on any amounts recognised within the financial report.

Segment reporting

As of 1 July 2009 the Fund determines and presents operating segments based on the information that is provided internally to the Responsible Entity. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously operating segments were determined and presented in accordance with AASB 114 Segment Reporting. The application of AASB 8 Operating Segments does not change the segment information, as the Fund's main segment is investment in properties in Australia.

(f) Going Concern

The Fund's Multi-Currency Loan Facility with the National Australia Bank expires on 31 August 2010. Under the terms of the Scheme of Implementation (refer to the director's report), the outstanding debt on the facility will be repaid in full on Implementation Date by CommonWealth REIT. As the Implementation Date is likely to be after 31 August 2010, the Fund has sought and has been granted an extension of the facility until 31 December 2010.

In the event that the Scheme of Implementation does not proceed, the Fund will seek to refinance the facility with the National Australia Bank prior to the expiry of the extension. The National Australia Bank has indicated that it will be willing to engage with the Fund to work to provide a further extension or a new term facility based on similar terms to the extension.

The Directors are of the view that there are reasonable grounds to prepare the financial report on a going concern basis. The Directors have formed this view with regard to the following factors:

- The loan-to-valuation-ratio (LVR) of the Fund is less than 44%, thereby increasing the prospects of refinancing the facility.
- The cash flow forecast prepared for the Fund supports the increase in cost of funds that is likely to be required to refinance the facility as well as all ongoing debt servicing obligations.
- An orderly asset sale program is available to the Fund in the event that refinancing is not available.

In the unlikely event the loan facility cannot be renewed beyond the extension expiry date of 31 December 2010 and an orderly asset sale cannot eventuate, then the realisation of assets may not occur at amounts stated in the financial report. This may in turn have a bearing on the ability of the Fund to extinguish its liabilities in the ordinary course of business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 2(e).

(a) Income and expenses

Income and expenses are brought to account on an accruals basis except where stated otherwise.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

Rental income

Rental income from investment properties is recognised on a straight line basis over the lease term. Rental income not received at reporting date, is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease, on a straight-line basis, as a reduction of lease income.

Lease incentives provided by the Fund to lessees, and rental guarantees which may be received from third parties (arising on the acquisition of investment property) are excluded from the measurement of fair value of investment property and are treated as separate assets as presented in Note 4. Such assets are amortised over the respective periods to which the lease incentives and rental guarantees apply, either using a straight line basis, or a basis which is representative of the pattern of benefits.

Contingent rents based on the future amount of a factor that changes other than with the passage of time including turnover rents and CPI linked rental increases are only recognised when contractually due.

Distribution income

For all listed and unlisted securities, distribution income is recognised at the date the securities are quoted ex-distribution.

(b) Financial instruments

Classification

The Fund designates all its equity investments into the "fair value through profit or loss" category.

The financial assets and financial liabilities at fair value through profit or loss comprise financial instruments designated at fair value through profit or loss upon initial recognition. These include investments in listed securities and interest rate swaps.

The fair value through profit or loss classification is in accordance with AASB 139 Financial Instruments:

Recognition and Measurement. The fair value through profit or loss classification is available for the majority of the financial assets and financial liabilities held by the Fund, as the Fund's performance is evaluated on a fair value basis and information about the Fund is provided on that basis to the directors of the Responsible Entity.

Financial assets that are classified as loans and receivables include accrued income from investments.

Financial liabilities that are not at fair value through profit or loss include balances due to deferred trade settlement and payables. These are held at amortised cost.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their part of the contract, or the contract is a derivative contract not exempted from the scope of AASB 139.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit or loss.

Financial assets and liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

Financial liabilities that are not at fair value through profit or loss include balances due to deferred trade settlement and payables. These are held at amortised cost.

Fair value measurement principles

The fair value of derivative financial instruments, that are not exchange traded, is based on valuation techniques at the reporting date without any deduction for estimated future selling costs. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair values of equity investments are determined based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid price.

If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the reporting date.

Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

The Fund uses the weighted average method to determine realised gains and losses on derecognition of financial assets not at fair value.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Specific instruments

Cash and cash equivalents

Cash is comprised of current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

Receivables

Receivables may include amounts for rent, interest and fund distributions and are stated at their amortised cost less impairment losses. Rent and fund distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 3(a) above. With the exception of fund distributions, which can be received as late as 90 days after the right to receive payment is established, amounts are generally received within 30 days of being recorded as receivables.

Sales of securities are recorded on trade date and normally settled within three business days. Sales of securities that are unsettled at reporting date are included in receivables.

Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the balance date.

The distribution amount payable to Unitholders as at the reporting date is recognised separately on the Statement of Financial Position. Purchases of securities are recorded on trade date and normally settled within three business days. Purchases of securities that are unsettled at the reporting date are included in payables.

Derivative financial instruments

The Responsible Entity uses interest rate swaps, which are derivative financial instruments, to hedge its exposure to interest rate risk arising from use of its debt facilities. In accordance with its investment strategy, the Fund does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit or loss.

(c) Distributions and taxation

In accordance with the Fund Constitution and applicable taxation legislation, the Fund distributes its taxable income in full to the Unitholders who are presently entitled to the income. As the Fund fully distributes its taxable income, it is not subject to income tax.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to Unitholders and are retained in the Fund to be offset against any current or future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to the Unitholders.

Distributions to Unitholders are made net of any applicable withholding tax.

(d) Goods and services tax

Management fees, custody fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Receivables and payables are stated in the Statement of Financial Position with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability, respectively in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows with the amount of GST included.

(e) Performance fees

The Responsible Entity is entitled to be paid a performance fee calculated at 10.25% (inclusive of GST) of the amount by which the annual average rate of return exceeds 20% per annum over the preceding three financial years. In the event of a wind up, the calculation period may differ. Section 11.5 of the Product Disclosure Statement for the Fund provides more details on performance fees.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate ruling at the reporting date.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the statement of comprehensive income.

(g) Investment properties

Investment properties are initially recognised at cost, including any acquisition costs, in accordance with AASB 140. Investment properties are subsequently stated at fair value at each balance date with any gain or loss arising from a change in fair value recognised in the statement of comprehensive income.

Investment properties are comprised of land and buildings and plant and equipment held for the purpose of letting to produce rental income and for potential capital appreciation.

Fair value

When assessing fair value, the directors consider the discounted cash flow of the investment property, market capitalisation techniques and sales of similar investment properties. Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- a willing, but not anxious, buyer and seller on an arms length basis;
- a reasonable period in which to negotiate the sale, having regard to the nature and situation of the investment property and the state of the market for similar properties;
- that the investment property will be reasonably exposed to the market;
- that no account is taken of the value or other advantage or benefit to the buyer, additional to market value, that is incidental to ownership of the investment property being valued; and
- that it only takes into account instructions given by the Responsible Entity and is based on all the information that the valuer needs for the purposes of the valuations being made available by, or on behalf of the Responsible Entity.

The Responsible Entity has an internal valuation process for determining the fair value at each reporting date. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties at least once every two calendar years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with the Fund's approved valuation policy. These external valuations are taken into consideration when determining the fair value of the investment properties.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Fund holds it to earn rental income or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

(h) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Fund in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Fund's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 9 Financial Instruments, simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. AASB 9, becomes mandatory for the Fund's 30 June 2014 financial statements. The Fund has not yet determined the potential effect of the new standard.

4. CHANGE IN FAIR VALUE OF INVESTMENTS

(a) Reconciliation of carrying amounts

	2010 ($'000s)	2009 ($'000s)
Balance at 1 July	124,765	165,199
Disposals	(15,700)	(23,550)
Capital expenditure	255	7,414
Fair value adjustments	(4,708)	(24,298)
Balance at 30 June	**104,612**	**124,765**

(b) Details of investment properties

30 June 2010	Settlement date	Latest valuation		Fair value	Method utilised
		Date	Valuation ($'000s)	($'000s)	
7 Modal Cres, Canning Vale, WA	09-Mar-04	30-Jun-10	14,000	14,000	DCF & capitalisation approach
17-19 Leadership Way, Wangara, WA	10-Mar-04	30-Jun-10	7,100	7,100	DCF & capitalisation approach
71-93 Whitehorse Rd, Clayton VIC	31-Mar-04	30-Jun-10	19,700	19,700	DCF, capitalisation & direct comparison
127-161 Cherry Ln, Laverton North, VIC	21-Apr-04	30-Jun-10	10,350	10,350	DCF & capitalisation approach
16 Rodborough Rd, Frenchs Forest, NSW	03-Mar-06	30-Jun-10	20,300	20,300	DCF & capitalisation approach
310-314 Invermay Rd, Mowbray, TAS	15-Jun-06	30-Jun-10	1,100	1,100	DCF, capitalisation & direct comparison
253-293 Georgetown Rd, Rocherlea, TAS	15-Jun-06	30-Jun-10	4,800	4,800	DCF, capitalisation & direct comparison
44-46 Mandarin St, Villawood, NSW	20-Jun-06	30-Jun-10	15,500	15,500	DCF & capitalisation approach
22 Rodborough Rd, Frenchs Forest, NSW	05-Sep-06	30-Jun-10	6,500	6,500	DCF & capitalisation approach
9-13 Titanium Court, Crestmead, QLD	21-Aug-07	30-Jun-10	6,700	6,700	DCF, capitalisation & direct comparison
Less: Straight lining of operating lease rental income (Note 12)				(1,438)	
			106,050	**104,612**	

30 June 2009				
7 Modal Cres, Canning Vale, WA	09-Mar-04	30-Jun-09	13,500	13,500
300-310 Treasure Rd, Welshpool, WA*	09-Mar-04	30-Jun-09	15,700	15,700
17-19 Leadership Way, Wangara, WA	10-Mar-04	30-Jun-09	7,000	7,000
71-93 Whitehorse Rd, Clayton VIC	31-Mar-04	30-Jun-09	20,100	20,100
127-161 Cherry Ln, Laverton North, VIC	21-Apr-04	30-Jun-09	10,500	10,500
16 Rodborough Rd, Frenchs Forest, NSW	03-Mar-06	30-Jun-09	20,000	20,000
310-314 Invermay Rd, Mowbray, TAS	15-Jun-06	30-Jun-09	1,300	1,300
253-293 Georgetown Rd, Rocherlea, TAS	15-Jun-06	30-Jun-09	7,100	7,100
44-46 Mandarin St, Villawood, NSW	20-Jun-06	30-Jun-09	16,200	16,200
22 Rodborough Rd, Frenchs Forest, NSW	05-Sep-06	30-Jun-09	7,500	7,500
9-13 Titanium Court, Crestmead, QLD	21-Aug-07	30-Jun-09	7,000	7,000
Less: Straight lining of operating lease rental income				(1,135)
			125,900	**124,765**

(*) The property was sold during the financial year.

(c) Key valuation assumptions

All valuations completed as at 30 June 2010 were conducted by independent valuation firms. The valuations were prepared by considering and utilising one or more of the established valuation techniques presented in note 4(b): discounted cash flow analysis; income capitalisation; direct comparison of valuation of similar investments; reference to recent sales transactions of the same or similar securities; and other methods as determined by the independent valuer to arrive at the property valuation.

The table below summarises the key metrics arising from the fair values of the investment properties

	2010	**2009**
Weighted average capitalisation rate (%)	9.3	9.4
Weighted average lease expiry by income (years)	4.6	5.6
Vacancy by income (%)	17.0	16.0

(d) Leases as lessor

The Fund leases out its investment properties held under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2010 ($'000s)	**2009** ($'000s)
Less than one year	9,007	10,305
Between one and five years	21,547	33,158
More than five years	17,480	21,285
	48,034	**64,748**

5. NET CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 ($'000s)	**2009** ($'000s)
Designated at fair value through profit or loss:		
Net realised gain/(losses):		
Listed securities	663	(1,766)
	663	**(1,766)**
Net unrealised gains/(losses):		
Listed securities	-	(9,466)
Financial derivatives	879	(4,068)
	879	(13,534)
Net change in fair value	**1,542**	**(15,300)**

Gains and losses presented above do not include interest income and distribution income.

6. SIGNIFICANT OPERATING EXPENSES

	2010 ($'000s)	2009 ($'000s)
Interest on borrowings	2,481	4,207
Other borrowing costs	1,738	1,234
Total borrowing costs	**4,219**	**5,441**
Property administration fees	356	484
One-off transaction costs	576	-
Total administration costs	**932**	**484**

7. AUDITOR'S REMUNERATION

	2010 $	2009 $
Audit services		
Auditors of the Fund – KPMG		
Audit and review of financial statements	53,610	49,097
Other regulatory audit services (compliance plan)	5,800	5,260
	59,410	**54,357**
Other services		
Auditors of the Fund – KPMG		
Taxation services- tax return	22,250	4,250
Taxation services- other (*)	130,455	-
	152,705	**4,250**

(*) The fees include the taxation advisory services related to the CWH Revised Proposal to acquire the Fund.

8. DISTRIBUTIONS PAID AND PAYABLE

	2010		2009	
	($'000s)	Cents per unit	($'000s)	Cents per unit
September quarter distribution paid	392	0.4	1,772	1.81
December quarter distribution paid	393	0.4	-	-
March quarter distribution paid	492	0.5	-	-
June quarter distribution payable	492	0.5	-	-
	1,769		**1,772**	

9. UNITS ON ISSUE

	2010 ('000s)	2010 ($'000s)	2009 ('000s)	2009 (S'000s)
Opening balance	98,073	97,766	97,539	97,508
Issue Costs	-	-		23
Units issued under distribution re-investment plan	396	100	534	235
Closing balance	**98,469**	**97,866**	**98,073**	**97,766**

The stapled securities were unstapled on 29 August 2008 and from that day each stapled security holder holds 1 unit and 1 option for each stapled security previously held. The Units and Options are separately quoted and traded on the ASX. Option holders had the right but not the obligation to purchase a Unit at $1.10 between 1 September 2008 and the option expiry date of 31 August 2009.

10. EARNINGS PER UNIT

The basic and diluted earnings per unit were calculated as follows:	2010	2009
Net profit / (loss) before finance costs ($'000s)	3,162	(40,032)
Weighted average number of Units ('000s)	98,260	97,977
Basic earnings/(loss) per Unit (cents)	**3.21**	**(40.86)**
Weighted average number of Units and dilutive Options ('000s) [1]	98,260	97,977
Diluted earnings/(loss) per Unit (cents)	**3.21**	**(40.86)**

1 The Options are not considered dilutive for 2010, and so have been excluded from the weighted average number of Units for the purpose of calculating diluted earnings per Unit.

Weighted average number of units	2010 ('000s)	2009 ('000s)
Issued units at 1 July	98,073	97,539
Effects of units issued during the year	187	438
Weighted average number of units	**98,260**	**97,977**

11. CASH AND CASH EQUIVALENTS

	2010 ($'000s)	2009 ($'000s)
Bank balances	7,307	3,467
Cash and cash equivalents in the Statement of Cash Flows	**7,307**	**3,467**

12. RECEIVABLES

	2010 ($'000s)	2009 ($'000s)
Rental income receivables	142	718
Impairment loss [1]	-	(456)
Net rental income receivables	142	262
Straight-line effect of operating lease rental income [2]	1,438	1,135
Other receivables	351	502
	1,931	**1,899**

1 The impairment loss relates to an amount of rental income receivable from Sumner Park that is deemed to be irrecoverable and was written off during the year.
2 Rental income adjustment for straight-lining of fixed rent increases over the term of the lease

Movements in impairment loss during the year:

	2010 ($'000s)	2009 ($'000s)
Balance at 1 July	456	-
Impairment loss recognised [1]	-	456
Bad debts written off	(456)	-
Balance at 30 June	**-**	**456**

1 The impairment loss relates to an amount of rental income receivable from Sumner Park that is deemed to be irrecoverable and was written off during the year.

The ageing of the rental income receivables at the reporting date was:

	Gross 2010 ($'000s)	Impairment Loss 2010 ($'000s)	Gross 2009 ($'000s)	Impairment Loss 2009 ($'000s)
Not past due	-	-	-	-
Past due 30 days or less	130	-	322	78
Past due 31 - 90 days	-	-	190	188
More than 90 days	12	-	206	190
	142	**-**	**718**	**456**

13. FINANCIAL ASSETS AND LIABILITIES

The following table details the categories of financial assets and liabilities held by the Fund at the reporting date:

	2010 ($'000s)	2009 ($'000s)
ASSETS		
Financial assets at fair value through profit or loss		
Designated at fair value through profit and loss upon initial recognition		
Listed securities	-	6,171
Total designated at fair value through profit or loss upon initial recognition	-	6,171
Total financial assets at fair value through profit or loss	-	6,171
Loans and Receivables (including cash)	9,238	5,366
Total financial assets	**9,238**	**11,537**
LIABILITIES		
Financial liabilities at fair value through profit or loss	1,349	2,227
Financial liabilities measured at amortised cost	49,620	72,642
Total financial liabilities	**50,969**	**74,869**

14. PAYABLES

	2010 ($'000s)	2009 ($'000s)
Trade creditors	666	344
Accrued expenses	1,868	2,066
Amount due to Responsible Entity	194	232
Total payables	**2,728**	**2,642**

15. INTEREST BEARING LIABILITIES

	2010 ($'000s)	2009 ($'000s)
Cash advance	46,400	70,000
Balance at end of year	**46,400**	**70,000**

At 30 June 2010, the Fund had a Multicurrency Loan Facility Agreement (the "debt facility") with National Australia Bank ("NAB"), expiring on 31 August 2010. The debt facility of $49.4 million was drawn to $46.4 million as at 30 June 2010. The debt facility is secured by a first registered mortgage over the investment properties and a fixed and floating charge over the assets and undertakings of the Fund.

The interest rate on the debt facility as at 30 June 2010 was the applicable BBSY BID plus 0.25% margin. A line fee of 0.40% per annum is payable on the facility limit. As at 30 June 2010, the loan to value ratio was 43.8% of direct property assets (30 June 2009: 55.6%) which is within the Fund's covenanted maximum loan to value ratio under the facility of 62.5%. As a result of its interest rate risk management strategy, the Fund has entered into interest rate swaps to pay fixed and receive floating (BBSY BID) from the swap counterparty. The swaps have an amortising profile with the longest dated swap maturing in March 2014. As at 30 June 2010, the debt was fully hedged at a weighted average fixed rate of 6.33%. At 30 June 2010 the Fund showed a liability of $1.349 million in respect of financial derivatives (2009: liability of $2.227 million), which is not reflected in the above loan to value ratio.

The NAB Facility was extended to 31 December 2010 subsequent to 30 June 2010. Refer to Note 21.

16. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

As part of the Scheme Implementation Agreement with CWH the Responsible Entity for the Fund has agreed to pay a break fee of $800,000 to CWH in certain circumstances where the Scheme Implementation Agreement proposed by CWH does not proceed, including:

(a) if the Responsible Entity takes any action that results in a breach of a clause of the Scheme Implementation Agreement in a material respect;

(b) if the Special Board Committee recommends a competing proposal; or

(c) if, before the earlier of the Implementation Date, 30 September 2010 and the termination of the Scheme Implementation Agreement, a competing proposal is announced which, prior to 3 May 2011, completes, is unconditional or which is approved by a requisite majority of Unitholders.

CWH has agreed to pay the Responsible Entity of the Fund a break fee of $800,000 in the event that CWH takes any action that results in a breach of a clause of the Scheme Implementation Agreement in a material respect.

There are no contingent assets, liabilities or commitments as at June 2010.

17. SEGMENT INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Fund invests in direct properties and derivative financial instruments. Details of the Fund's exposure to direct properties and listed real estate investment trusts are detailed in Notes 4 and 13, respectively.

18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2010 ($'000s)	2009 ($'000s)
Profit / (loss) for the year	3,162	(40,032)
Adjustments for:		
Net unrealised loss on:		
Investment properties	4,708	24,298
Listed investments	-	9,466
Net realised (gain)/ loss on sale of:		
Investment properties	(1,204)	1,737
Listed investments	(663)	1,766
Net realised exchange loss	-	5,050
Borrowing costs paid	4,219	5,441
Impairment loss on rental income receivables	-	456
		8,182
Change in assets and liabilities during the year:		
Change in derivative financial instruments	(879)	4,068
Change in receivables and prepayments	(77)	(482)
Change in payables	185	(172)
Net cash flows provided by operating activities	**9,451**	**11,596**

19. RELATED PARTIES

Responsible Entity

The Responsible Entity of MacarthurCook Industrial Property Fund is MacarthurCook Fund Management Limited (ABN 79 004 956 558) whose immediate holding company is MacarthurCook Pty Limited (formerly known as MacarthurCook Limited) (ABN 64 009 110 463). MacarthurCook Pty Limited is incorporated in Australia. The ultimate holding company is AIMS Securities Holdings Pty Ltd (ACN 137 063 113), a company incorporated in Australia.

(a) Key management personnel of the Responsible Entity

The Fund does not employ personnel in its own right. The Fund is required to have an incorporated responsible entity to manage the activities of the Fund and key management personnel of the Responsible Entity is considered to be the key management personnel of the Fund.

(b) Remuneration of Directors and key management personnel of the Responsible Entity

There were some significant changes to the Directors and Key Management Personnel following the on market acquisition of the Responsible Entity's parent company MacarthurCook Limited (now MacarthurCook Pty Ltd). As a result of the de-listing of the parent, and in accordance with the strategy to improve the performance of the Fund and better manage costs, new personnel were engaged and several functions of the Responsible Entity were relocated from Melbourne, Australia to Sydney, Australia. The Directors and Executives of the Responsible Entity who held positions in the twelve months to 30 June 2010, being key management personnel, are:

- George Wang - Managing Director (appointed 14 July 2009) and Executive Chairman (appointed 7 August 2009)
- Tony Wood - Non-Executive Independent Director (appointed 7 August 2009)
- Mark Thorpe-Apps - Executive Director (appointed 28 August 2009)
- Christopher Langford - Non-Executive Independent Director (appointed 17 September 2009)
- Richard Haddock - Independent Chairman and Non-Executive Director (resigned 7 August 2009)
- Craig Dunstan - Managing Director (resigned 13 July 2009)

- Geoff Coffey - Non-Executive Director (resigned 14 July 2009)
- Hugh Gurner - Non-Executive Director (resigned 14 July 2009)
- Jane Tongs - Non-Executive Director (resigned 7 August 2009)
- Simon Grant - Executive Director (resigned 28 August 2009) and Chief Executive Officer Australia and America (resigned 28 August 2009)
- David van Aanholt – Executive Director (appointed 23 June 2010, resigned 16 August 2010)) and Chief Executive Officer (appointed 17 May 2010, resigned 16 August 2010)
- Russell Bullen – Head of Real Estate
- Grant Earney - Chief Financial Officer (ceased employment 18 December 2009)
- Sarah Christensen - Head of Legal & Compliance and Company Secretary (resigned 1 October 2009)
- Ryan Rayfield - Head of Legal & Compliance (appointed 1 October 2009) and Joint Company Secretary (appointed 16 July 2010)
- Dustine Pang - Company Secretary (appointed 1 Oct 2009 and resigned 16 Jul 2010) and Chief Financial Officer (appointed 18 December 2009 and resigned 30 July 2010).
- Moni An – Joint Company Secretary (appointed 16 July 2010)
- Richard Nott - Non-Executive Independent Director and Chairman of the Audit Committee (appointed 5 August 2010)

The Fund does not pay any compensation directly to any of the key management personnel of the Responsible Entity.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(c) Responsible Entity's fees and other transactions

	2010 $	2009 $
Management fees paid and payable by the Fund	854,571	1,039,334
Fund expenses reimbursed to the Responsible Entity	240,254	327,527

In accordance with the Fund Constitution, the Responsible Entity is reimbursed for all expenses reasonably and properly incurred in connection with the Fund or in performing its obligations under the Fund Constitution.

The Responsible Entity charges an annual management fee of 0.65% per annum of the total assets (excluding listed securities) of the Fund, calculated monthly.

At reporting date, $193,645 (2009: $231,512) was owing to the Responsible Entity and included in trade and other payables.

(d) Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time Directors of the Responsible Entity, or its director-related entities, may buy or sell Units in the Fund. These investments or sales are on the same terms and conditions as those entered into by other Fund investors and are subject to corporate governance policies of the AIMS Financial Group.

Related party investments held by the Fund

The Fund may purchase and sell units in other approved funds managed by the Responsible Entity in the ordinary course of business at application and redemption prices calculated in accordance with the constitution of those funds or at market prices where the Fund is listed. Details of the Fund's investments in other funds operated by the Responsible Entity or a related party are set out below.

Entity	Units held	Net fair value	Interest Held	Units purchased	Units sold	Distributions received/ receivable
	('000s)	($'000s)	%	('000s)	('000s)	($'000s)
30 June 2010						
MacarthurCook Industrial REIT	-	-	-	-	(22,000)	250
30 June 2009						
MacarthurCook Industrial REIT	22,000	6,171	8.26	-	(4,000)	1,769

On 13 November 2009, in order to strengthen its financial position and assist in funding capital works, the Fund sold 22 million units in its listed securities investment in MacarthurCook Industrial REIT, realising a gain of $0.66 million.

Units in the Fund held by related parties

Year ended 30 June 2010 Entity/person	Relationship	Units held	Interest held	Units Purchased	Units sold	Distribution paid/ payable
		('000s)	%	('000s)	('000s)	($'000s)
MacarthurCook Fund Management Limited	Responsible Entity	6,142	6.24	-	-	111
MacarthurCook Property Securities Fund	Common Responsible Entity	15,234	15.47	-	-	274
MacarthurCook Diversified Property Income Fund	Common Responsible Entity	1,657	1.68	-	-	30
MacarthurCook Real Estate Funds Limited	Related Entity	915	0.93	-	-	16
		23,948	**24.32**	**-**	**-**	**431**

Year ended 30 June 2009 Entity/person						
MacarthurCook Fund Management Limited	Responsible Entity	6,142	6.26	7,057	7,972	128
MacarthurCook Property Securities Fund	Common Responsible Entity	15,234	15.53	-	-	276
MacarthurCook Diversified Property Income Fund	Common Responsible Entity	1,657	1.69	-	-	30
Mr Richard M Haddock	Director	223	0.23	17	-	4
Mr Craig M Dunstan	Director	50	0.05	-	-	1
MacarthurCook Real Estate Funds Limited	Related Entity	915	0.93	915	-	-
		24,221	**24.69**	**7,989**	**7,972**	**439**

The MacarthurCook Industrial Property Fund (MIF) is currently subject to a 100% acquisition proposal by an independent third party and an alternative unitholder wind-up resolution. It is expected that MIF Unitholders will vote on the acquisition proposal and the wind-up resolution before 31 October 2010. Pursuant to section 253E of the Corporations Act, associates of MacarthurCook Fund Management Ltd - including the Funds above, are not entitled to vote on the Approval Resolution(s) if they have an interest in the Resolution(s) other than as a member.

The Special Board Committee convened to manage the Explanatory Memorandum and Unitholder meeting process will be paid fees totalling up to $200,000 for executing their duties with regards to this one-off special purpose committee.

20. FINANCIAL INSTRUMENTS

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings. The Fund's financial instruments are comprised of listed securities and interest rate swaps and is in accordance with its published investment strategy.

Asset allocation between the various types of financial instruments detailed above, is determined by the Fund Manager who manages the investment of the assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund Manager.

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk.

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Board has established an Audit, Risk and Compliance Committee which is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Responsible Entity's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund Manager, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Audit, Risk and Compliance Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

(a) Capital risk management

The Responsible Entity manages the Fund's capital to ensure that it will be able to continue as a going concern while maximising the return to Unitholders through the optimisation of the debt and equity balance.

The capital structure of the Fund consists of debt, which includes borrowings disclosed in Note 15, cash and cash equivalents, and equity. The Fund is not subject to externally imposed capital requirements other than to ensure that its debt levels do not exceed the covenants in respect to the loan to valuation ratio contained in the debt facility agreement.

The Responsible Entity uses interest rate swaps, which are derivative financial instruments, to hedge its exposure to interest rate risk arising from use of its debt facilities. See note 15 for further details. The Fund's overall strategy remains unchanged.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. Market risk embodies the potential for both losses and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Fund's strategy on the management of investment risk is driven by the Fund's investment objectives. The Fund's market risk is managed on a daily basis by the Fund Manager in accordance with the investment guidelines as outlined in the Fund's initial product disclosure statement.

Currency risk

The Fund sold all its holdings in a Singapore Industrial REIT. The Fund is not exposed to currency risk on its investments, receivables and liabilities that are denominated in a currency other than its functional currency (Australian dollars) as at 30 June 2010.

The Fund's strategy on the management of currency risk is driven by the Fund's investment objectives. The Fund's currency risk is managed on a daily basis by the Fund Manager and the Responsible Entity's Chief Financial Officer (or his/her equivalent) in accordance with the investment guidelines as outlined in the Fund's product disclosure statement. The Fund's total net exposure to fluctuations in foreign currency exchange rates at the reporting date was as follows:

	Fair value 2010 ($'000s)	**Fair value 2009** ($'000s)
ASSETS		
Singapore dollars	-	6,644

Sensitivity analysis

A 5% strengthening of the Australian dollar against the Singapore dollar would have increased/ (decreased) the net profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2010 ($'000s)	**2009** ($'000s)
5% increase	-	(322)
5% decrease	-	343

Price risk

Price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the profit or loss, all changes in market conditions will directly affect net investment income.

This risk is managed by ensuring that all activities are transacted in accordance with the Fund's investment policy and within approved limits.

Price sensitivity analysis

The Fund sold its holdings in a Singapore Industrial REIT. Therefore, a 10% increase in the market price of the listed securities at the reporting date would have reduced the loss on net investment by $nil (2009: net loss of $617,137); an equal change in the opposite direction would have increased the loss on net investment by an equal but opposite amount.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Fund's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Fund to cash flow risk, whereas fixed rate instruments expose the Fund to fair value interest rate risk.

The tables below detail the Fund's exposure to interest rate risk at the reporting date by the earlier of contractual maturities or re-pricing.

	Carrying amount		Weighted average interest rate	
	2010 ($'000s)	**2009** ($'000s)	**2010** % p.a.	**2009** % p.a.
Floating rate instruments				
Financial assets				
Cash and cash equivalents	7,307	3,467	4.32	2.88
Financial liabilities				
Interest bearing liabilities	(46,400)	(70,000)	5.10	3.49
Interest rate swaps (face value)	**49,800**	**72,260**	**6.33**	**6.33**
Net exposure	**10,707**	**5,727**		

Interest rate sensitivity

The sensitivity analyses below have been determined based on the Fund's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of investments that have floating interest rates. A 100 basis points ("bps") increase or decrease represents management's assessment of the reasonably possible change in interest rates.

(i) Fair value interest rate sensitivity

The Fund does not hold any fixed rate financial instruments or account for fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would have a nil impact on profit or loss or equity.

(ii) Cash flow interest rate sensitivity

A change of 100 basis points in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis from 2009.

	Profit or loss	
Effect in thousands of AUD	100bp increase	100bp decrease
30 June 2010		
Variable rate instruments	(347)	197
Cash flow sensitivity	(347)	197
30 June 2009		
Variable rate instruments	(667)	667
Cash flow sensitivity	(667)	667

(c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as and when they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Responsible Entity prepares an annual budget and associated cashflow forecast and manages the Fund's liquidity by taking account of known commitments before recommending distribution payments to Unitholders.

The following tables summarise the maturity profile of the Fund's financial liabilities. The tables have been populated based on the undiscounted cash flows of financial liabilities using the earliest date on which the Fund can be required to pay. The tables include both interest and principal cash flows.

	Carrying amount ($'000s)	Contractual cash flows ($'000s)	Less than 3 months ($'000s)	3 months to 1 year ($'000s)	1-5 years ($'000s)
30 June 2010					
Accounts payable	(2,728)	(2,728)	(1,313)	(1,415)	-
Interest bearing liabilities	(46,400)	(46,400)	(46,400)	-	-
Derivative financial instruments	(1,349)	(1,349)	-	(55)	(1,294)
	(50,477)	**(50,477)**	**(47,413)**	**(1,470)**	**(1,294)**
30 June 2009					
Accounts payable	(2,642)	(2,642)	(2,642)	-	-
Interest bearing liabilities	(70,000)	(70,000)	-	-	(70,000)
Derivative financial instruments	(2,227)	(2,227)	(264)	(1,264)	(699)
	(74,869)	**(74,869)**	**(2,906)**	**(1,264)**	**(70,699)**

(d) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge its obligation or commitment that it has entered into with the Fund. At the reporting date, the following financial assets were exposed to credit risk: rental receivables, other receivables and cash and cash equivalents. The carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date.

The credit risk associated with rental income is managed by initial due diligence on tenants creditworthiness and by the ongoing management of third party property managers. In addition, the Fund has bank guarantees in place for several of the properties which provide indemnity for 3 to 12 months rent in the event of rent default by tenants. All the deposits with banks of the Fund are held by National Australia Bank, a financial institution with a Standard & Poors rating of AA. Bankruptcy or insolvency of the bank may cause the Fund's rights with respect to the cash held to be delayed or limited. If the credit quality or the financial position of the bank deteriorates significantly the Fund Manager will move the deposits to another bank.

Refer to Note 12 for the aging of receivables and the allowance for impairment losses.

(e) Fair value disclosures

The carrying amount of all financial assets and liabilities as at 30 June 2010 and 30 June 2009 were considered to approximate their fair value.

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in Note 3(b) of the Summary of Significant Accounting Policies section.

At 30 June 2010, the carrying amounts of equity investments for which fair values were determined directly by reference to published price quotations amounted to $0 million (2009: $6.2 million) following the sale of its investment in a Singapore Industrial REIT.

At 30 June 2010, the carrying amounts of derivative financial assets and derivative financial liabilities for which fair values were determined using valuation techniques amounted to $nil and $1.3 million, respectively (2009: $nil and $2.2 million, respectively).

None of the fair values of the Fund's derivative financial assets and liabilities were determined by reference to published price quotations.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.
The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ($'000s)	Level 2 ($'000s)	Level 3 ($'000s)	Total ($'000s)
30 June 2010				
Derivative financial instruments	-	(1,349)	-	(1,349)
	-	**(1,349)**	**-**	**(1,349)**
30 June 2009				
Listed securities	6,171	-	-	6,171
Derivative financial instruments	-	(2,227)	-	(2,227)
	6,171	**(2,227)**	**-**	**3,944**

(f) Specific instruments

Interest rate swaps

The Responsible Entity uses interest rate swaps, which are derivative financial instruments, to hedge its exposure to cash flow interest rate risk arising from use of its debt facilities. A swap involves the exchange by the Fund with another party of their respective commitments to pay or receive cash flows.

Interest rate swap agreements may increase or decrease the Fund's exposure to long or short-term interest rates. The value of the Fund's swap positions would increase or decrease depending on the changes in the underlying rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's investments. The Fund's ability to engage in certain swap transactions may be limited by tax considerations.

The Fund's ability to realise a profit from such transactions will depend on the ability of the financial institutions with which it enters into the transactions to meet their obligations to the Fund. If a counterparty's creditworthiness declines, the value of the agreement would be likely to decline, potentially resulting in losses. If a default occurs by the other party to such transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction, which may be limited by applicable law in the case of a counterparty's insolvency. Under certain circumstances, suitable transactions may not be available to the Fund, or the Fund may be unable to close out its position under such transactions at the same time, or at the same price, as if it had purchased comparable publicly traded securities.

The swaps are not designated as hedging instruments and are accounted for as financial instruments at fair value through profit or loss.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Revised Proposal received from CommonWealth REIT

On 12 July 2010, the Responsible Entity announced that it had received a Revised Proposal from CommonWealth REIT ("CWH"). The Revised Proposal involves Fund Unitholders receiving a cash price of $0.44 per MIF unit for the acquisition of 100% of the Units in the Fund. The revised price of $0.44 cash per MIF Unit represents a 7.3% increase relative to the Original Proposal which comprised an offer price of $0.40 and a special distribution of no less than $0.01 per Unit. Under the Revised Proposal, there will be no special distribution paid.

In addition to the increased cash offer, the Revised Proposal involves three other material changes which have been documented in a variation of the Scheme Implementation Agreement (SIA) which was lodged with the ASX on 3 May 2010.

- The Market Disruption Event (MDE) increased to a 15% fall from 30 April 2010 close of Dow Jones Industrial Average and All Ordinaries Index (previously 10%). In addition to increasing the cash offer, CWH has agreed to waive its termination right in relation to all previous MDE's which preceded the signing of the amending deed containing the Revised Proposal.
- The "End Date" may be extended by up to three months if CWH reasonably considers the necessary tax rulings will not be received from the Australian Tax Office by 30 September 2010.
- If both the Revised Proposal and the Wind-up Resolution to amend the termination provisions of the Fund's constitution are approved at the unitholder meeting, then the Wind-up Resolution will prevail (a position subsequently modified to suit ASIC policy).

National Australia Bank finance facility extended

The Fund's Multi-Currency Loan Facility with the National Australia Bank now expires on 31 December 2010. This represents a 4 month extension of the existing facility from 31 August 2010. The interest rate on this debt facility is the applicable BBSY BID plus 0.75% margin. A line fee of 2.00% per annum is payable on the facility limit.

In the event that the revised proposal from CWH is not adopted by the Fund and the Scheme of Implementation does not proceed, the Fund will seek to refinance the facility with the National Australia Bank prior to the expiry of the extension. The National Australia Bank has indicated that it will be willing to engage with the Fund to work to provide a further extension or a new term facility based on similar terms to the extension.

Settlement of Dispute with Tenant

The Responsible Entity has finalised negotiations regarding base building works completed by a major tenant, Virgin Active, effective 19 August 2010. The final amount of works paid by the Fund was within the provision amount previously reported by the Fund.

Directors' Declaration

for the year ended 30 June 2010

In the opinion of the Directors of the Responsible Entity:

(a) the financial statements and notes thereto as set out on pages 31 to 53 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Fund as at 30 June 2010 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

  (ii) complying with Australian Accounting Standards, including the Australian Accounting Interpretations, and the Corporations Regulations 2001.

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a)

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

(d) the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer (or their equivalents) for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

George Wang
Executive Chairman

MacarthurCook Fund Management Limited

Sydney, August 2010

Independent auditor’s report

KPMG

Independent auditor’s report to the Unitholders of MacarthurCook Industrial Property Fund

Report on the financial report

We have audited the accompanying financial report of MacarthurCook Industrial Property Fund (the Fund), which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 21 and the directors’ declaration.

Directors' responsibility for the financial report

The directors of MacarthurCook Fund Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations) a view which is consistent with our understanding of the Fund’s financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of MacarthurCook Industrial Property Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Fund's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding the funding position of the Fund

Without qualification to our audit opinion, we draw attention to note 2(e) to the financial statements.

The Fund is dependent on the ongoing provision of its debt facility. The current financier has indicated its intention to renew the facility, however, the negotiations to extend the loan are subject to the outcome of the CommonWealth REIT's offer to acquire the Fund for cash. The Responsible Entity (MacarthurCook Fund Management Limited) has not entered into negotiations with the financier to extend the loan and the outcome of the future negotiations cannot presently be determined with certainty. In the event that replacement financing cannot be obtained a sell down of assets may need to occur to repay debt and sales values achieved may not reflect fair value.

KPMG

KPMG

DM Scammell
Partner

Melbourne

25 August 2010

Unitholder Information

as at 30 June 2010

RANGE OF UNITS SNAPSHOT

Range	Total holders	Units	% of issued capital
1 - 100	13	284	0.00
101 - 1,000	15	6,345	0.01
1,001 - 5,000	209	650,005	0.66
5,001 - 10,000	178	1,510,624	1.53
10,001 - 9,999,999,999	882	96,301,548	97.80
Rounding			0.00
Total	**1,297**	**98,468,806**	**100.00**

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.37 per unit	1,352	28	6,629

Unitholder Information Continued

TOP 20 UNITHOLDERS

Rank	Name	Units	% of units
1.	SANDHURST TRUSTEES LTD <MACARTHURCOOK PSF A/C>	15,233,590	15.47
2.	REAL ESTATE CAPITAL PARTNERS (NO2) PTY LTD	11,579,897	11.76
3.	TRUST COMPANY LIMITED <RECAP ENHANCED INCOME FND AC>	7,936,669	8.06
4.	MACARTHURCOOK FUND MANAGEMENT LTD	5,085,364	5.16
5.	ANZ NOMINEES LIMITED <CASH INCOME A/C>	2,830,253	2.87
6.	MR BRENDAN SIER	2,600,000	2.64
7.	PERPETUAL TRUSTEE CO LTD <MACARTHURCOOK DIVERSIFIED PROP>	1,657,475	1.68
8.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	1,483,266	1.51
9.	MACARTHURCOOK FUND MANAGEMENT LTD	1,057,002	1.07
10.	MACARTHURCOOK REAL ESTATE FUNDS LIMITED	914,635	0.93
11.	MR HAMISH CHISTOPHER ANDERSON	834,189	0.85
12.	ORCHARD FUNDS PTY LTD	741,235	0.75
13.	BRANCOURTS SUPER NOMINEES PTY LTD <MA & JJ BRANCOURT SUPER FUND A>	639,870	0.65
14.	EPONA INVESTMENTS PTY LIMITED	639,495	0.65
15.	ALLEGRO PTY LTD <ALLEGRO SUPERANNUATION A/C>	627,688	0.64
16.	MARIST MISSIONS OF THE PACIFIC/C	623,324	0.63
17.	MR ROBERT GREGORY PADDON + MRS KAREN FRANCES PADDON <PADDON SUPERANNUATION A/C>	519,270	0.53
18.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	496,809	0.50
19.	MRS GLADYS BERYL LAND	461,567	0.47
20.	MR PETER TROUT + MRS GEORGINA TROUT <TROUT SUPER FUND A/C>	450,000	0.46
Totals: Top 20 holders of FULLY PAID ORDINARY UNITS (TOTAL)		**56,411,598**	**57.29**
Total remaining holders' balance		**42,057,208**	**42.71**

Corporate Directory

Responsible Entity

MacarthurCook Fund Management Limited
ABN 79 004 956 558

Head Office and Registered Office

Level 16, 323 Castlereagh St
Sydney NSW 2000
Australia

Telephone: 1300 362 117, 1300 655 197
Fax: +61 2 9281 7611
Email: mail@macarthurcook.com.au

Melbourne Office
Level 9, 350 Collins St
Melbourne VIC 3000
Australia

Telephone: +61 3 9660 4555
Fax: +61 3 9639 1440

Directors of the Responsible Entity

Mr George Wang
Executive Chairman

Mr Richard Nott
Non-Executive Independent Director
Chairman of Audit Committee

Mr Tony Wood
Non-Executive Independent Director

Mr Mark Thorpe-Apps
Executive Director

Mr Chris Langford
Non-Executive Independent Director

Ms Moni An
Mr Ryan Rayfield
Joint Company Secretary

Auditors

KPMG
147 Collins Street
Melbourne VIC 3000
Australia

Compliance Plan Auditor

KPMG
147 Collins Street
Melbourne VIC 3000
Australia

Securities Exchanges

Australian Securities Exchange Limited (ASX)
Melbourne VIC 3000

Securities Exchanges Codes

MIF

Unit Registrar

Computershare Investors Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford VIC 3067

Telephone: +61 3 9415 4349
Toll free (within Australia): 1300 731 849

MACARTHUR COOK

A member of AIMS Financial Group

MacarthurCook Fund Management Limited
ABN 79 004 956 558

Customer Enquiries

Phone: 1300 655 197
1300 362 117

Address: Level 16, 323 Castlereagh Street
Sydney NSW 2000, Australia

mail@macarthurcook.com.au
www.macarthurcook.com.au