

A member of AIMS Financial Group

International Real Estate Fund Manager

23 September 2010

ASX Code : MIF

Fund Update

The Responsible Entity of MacarthurCook Industrial Property Fund ("the Fund"), MacarthurCook Fund Management Limited hereby attaches the following two documents which will form part of the Extraordinary General Meeting of 23 September 2010 in relation to the Scheme and Wind-up Resolutions of the Fund:-

1. Chairman's Address; and
2. Fund Manager's Presentation.

If you have any queries in relation to this announcement please contact:

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MacarthurCook Investment Managers Limited

ABN 45 099 054 074 Licence No: 225357 SEC No: 801-66388

MacarthurCook Real Estate Funds Limited

ABN 32 126 766 167 AFSL No: 318261

Sydney

Melbourne

Beijing

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Tianjin

Guangzhou

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Singapore

About MacarthurCook:

MacarthurCook Pty Limited is a subsidiary of the AIMS Financial Group (AIMS) and specialises in the investment management of direct property, real estate securities and mortgage assets.

MacarthurCook and AIMS manage over A\$1.1 billion on behalf of over 21,000 Investors/borrowers as at 30 June 2010 and are the investment managers for the MacarthurCook Industrial Property Fund, MacarthurCook Office Property Trust, MacarthurCook Mortgage Fund, Advance Mortgage Fund, MacarthurCook Property Securities Fund, Advance Property Securities Fund and the RMR Asia Pacific Real Estate Fund. AIMS also manages, in a joint-venture arrangement with AMP Capital, the AIMS-AMP Capital Industrial REIT in Singapore.

The MacarthurCook Property Securities Fund is listed on the ASX and the Singapore Exchange. The MacarthurCook Industrial Property Fund is listed on the ASX. The AIMS-AMP Capital Industrial REIT is listed on the Singapore Exchange. The RMR Asia Pacific Real Estate Fund is listed on the American Stock Exchange.

About AIMS Financial Group:

Established in 1991, AIMS Financial Group is an Australian company with a solid track record and enviable reputation in the mortgage and securitisation markets. It has expanded to become an international financial group focusing on funds management, real estate investment, securitisation and mortgage lending.

AIMS is a 100% Australian owned business that has operated in Australia for nearly 20 years. AIMS started in Australia with only two staff and today have in excess of 100 staff in Australia. AIMS has been very active in introducing international investors into the Australian real estate market. During this time AIMS 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 RMBS (Residential Mortgage Backed Securities) rated AAA by both Standard & Poors and Fitch Ratings.

With offices across Australia and China and highly qualified, professional and experienced cross-cultural teams, AIMS Financial Group bridges the gap between Australia and China in various markets, especially in real estate, resources, technology, infrastructure, banking and financial services.

MIF ANNOUNCEMENT - CHAIRMAN'S ADDRESS

23 September 2010

MacarthurCook Industrial Property Fund

Scheme Meeting 23 September 2010 – Address by Independent Director and Chair of Special Board Committee

Background

AIMS Financial Group (AIMS) acquired MacarthurCook Fund Management Limited (the Responsible Entity of MacarthurCook Industrial Property Fund (MIF or the Fund) in August 2009 following a period of the worst economic conditions since the recession of the late 1990s. At the time, MIF's unit price was trading below 30 cents, (having recently traded as low as 9.4 cents) and was faced with a number of fund specific challenges, including:

- High overall gearing of 51%;
- Suspended distributions; and
- Significant vacancies.

Since acquiring the Responsible Entity of MIF, AIMS has undertaken a number of steps to address these issues and enhance unitholder value in MIF. This included selective asset sales to reduce overall gearing from the peak of 51% in June 2009 to 40% in June 2010, and the reinstatement and growth of distributions (having distributed 1.8 cents in FY10).

Despite these positive results, the units in MIF continued to trade at a substantial discount to the Fund's net tangible asset backing. The continuing existing and potential vacancies in the portfolio are likely to have contributed to this. Whilst MIF's management team, headed by Russell Bullen, have been actively marketing the vacant space in the portfolio, securing tenants in the current market has been exceptionally challenging.

As a listed entity, MIF also suffers from its relatively small size, low trading liquidity and concerns regarding the Fund's access to new capital to pursue growth opportunities. Further, MIF's debt facility has recently been refinanced at a significantly higher cost which will likely limit the distribution growth profile.

In light of the challenges faced by MIF in its current form, the Board felt it prudent to investigate further strategies to optimise unitholder value, including:

- A managed and orderly wind-up process;
- A merger or privatisation;
- A recapitalisation; and
- Maintaining the status quo.

During this process, the Board was approached by a US group now known as Commonwealth REIT with a full cash offer for the unitholders of MIF. Due to the proposed ongoing management arrangements of the Commonwealth REIT Proposal, a Special Board Committee comprising Tony Wood, Chris Langford and Mark Thorpe-Apps (up until his resignation) was formed to assess the proposal on behalf of unitholders.

These discussions ultimately led to Commonwealth REIT offering 44 cents cash per MIF unit. As you are aware, a number of unitholders have also proposed an amendment to MIF's constitution, which if passed would see the Fund wound-up by December 2011.

MIF ANNOUNCEMENT - CHAIRMAN'S ADDRESS

Both of these proposals require a unitholder vote, which is the purpose of the Scheme Meeting. In effect, the Meeting is unitholders' opportunity to determine the future direction of MIF, being one of three alternatives:

- Approve the CommonWealth REIT Proposal and receive 44 cents per unit, which the Special Board Committee unanimously recommends;
- Approve the Wind-up Proposal and receive the net proceeds of the Fund being wound-up by 31 December 2011; and
- Maintain the status quo.

Many unitholders have been invested in MIF since before it was listed in late 2008. Since that time, the listed property trust sector has undergone an extended period of disappointing returns, characterised by unprecedented volatility. Unfortunately, through this period, MIF's NTA fell significantly and its trading price fell to all time lows, from which it has not fully recovered.

Overview of CommonWealth REIT Proposal and Wind-up Proposal

1. CommonWealth REIT Proposal

The CommonWealth REIT proposal was initially announced on 3 May 2010, when the Responsible Entity of MIF entered into a Scheme Implementation Agreement under which it was proposed that CommonWealth REIT acquire all of the MIF units by way of a Trust Scheme for total cash consideration of 41 cents per unit, including a special distribution from MIF of not less than 1 cent per unit.

The Special Board Committee wrote to unitholders summarising the proposal and received a number of enquiries from unitholders concerned that the offer price was too low and undervalued the MIF portfolio. It was during this time that a group of unitholders put forward the proposal to amend the MIF constitution to wind-up the Fund if the 15 day Volume Weighted Average Price up to and including 30 June 2010 was less than \$0.57 (see below).

These concerns and communications from unitholders were used by the Special Board Committee and its advisers in subsequent negotiations with CommonWealth REIT and ultimately led to the announcement on 12 July 2010 of an increased offer consisting of 44 cents cash per unit and the removal of the special distribution.

The Special Board Committee engaged a number of advisers to assist in assessing the relative value and merit of the CommonWealth REIT Proposal in comparison to the alternatives available to the Fund. In addition, an Independent Expert was commissioned to opine on the CommonWealth REIT Proposal. The Independent Expert concluded that the proposal is not fair but reasonable and in the best interests of MIF unitholders. Importantly, the Independent Expert also assessed the relative value of MIF's alternatives, including an orderly wind-up of the fund and concluded the CommonWealth REIT Proposal is superior.

On the basis of the advice received from its advisers and the Independent Expert's opinion, the Special Board Committee unanimously recommends that unitholders vote in favour of the CommonWealth REIT Proposal and against the Wind-up Proposal.

MIF ANNOUNCEMENT - CHAIRMAN'S ADDRESS

2. Wind-up Proposal

MIF is legally obliged to put the Wind-up proposal to Unitholders, but it has not been proposed or supported by the Special Board Committee. In fact, the Special Board Committee strongly urges that Unitholders vote against the Wind-up Proposal.

The proposal is in the form of an amendment to MIF's constitution. The effect of the amendment would be that because the 15 day Volume Weighted Average Price of MIF units up to and including 30 June 2010 was less than 57 cents, the Fund should be wound-up by 31 December 2011. The 57 cents was set as 85% of the Fund's then Net Tangible Asset backing per unit of 67 cents.

The majority of Australian Real Estate Investment Trusts were trading at a 15% or greater discount to their Net Tangible Asset backing at 30 June 2010, including prominent names such as Charter Hall, Australand Property Group, ING Office Fund, ING Industrial Fund and Abacus Property Group.

The Independent Expert did not consider directly the estimated proceeds to unitholders of the Wind-up Proposal. However, the theoretical value which may be crystallised under an orderly wind-up of MIF conducted over 2 years was estimated in the range of 43 cents to 49 cents per unit.

The Independent Expert considered the risk in executing this alternative outweighed the potential higher value to MIF unitholders.

Under a Wind-up Proposal, unitholder returns are inherently back-ended due to the requirement to retire finance facilities and other Fund liabilities before distributing unitholder equity. Unitholder returns are thus primarily driven by the proceeds from the assets sold at the end of the Wind-up Process, when the market is aware of exactly that point and the Fund's bargaining position as a seller is not as strong as it may otherwise be. Further, the assets left for sale at this point could conceivably be the lower quality assets which may take longer to place with a willing buyer. The Independent Expert considered that 2 years is an appropriate orderly wind-up period, however the wind-up proposal allows only ~15 months. Restricting the time period available to conduct the wind-up would further diminish the Fund's bargaining position and hinder efforts to maximise unitholder value.

Accordingly, the Special Board Committee considers that even if unitholders favour a wind-up of the Fund, unitholders should vote against the Wind-up Proposal given its restrictive nature.

Conclusion

The Special Board Committee has at all times acted in unitholders' best interests and has worked to extract the highest offer it can from Commonwealth REIT.

Whilst the Commonwealth REIT Proposal represents a significant discount to the Net Tangible Asset backing per MIF unit, the Fund has effectively been on the market since the beginning of May 2010 and no further offers have been forthcoming. The Special Board Committee strongly believes that it has extracted the highest possible price from Commonwealth REIT and the Special Board Committee is of the firm belief that should the Commonwealth REIT Proposal not be approved, the trading price of MIF units is likely to fall below its current level of ~40 cents and possibly below 31 cents (the price at which MIF closed immediately prior to the initial announcement of the Commonwealth REIT Proposal).

The Special Board Committee recommends that unitholders vote in favour of the Commonwealth REIT Proposal (Resolutions 1 and 2) and against the Wind-up Proposal (Resolution 3).

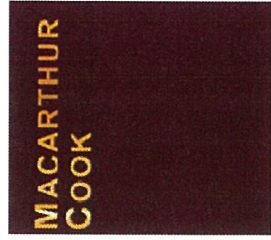
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MacarthurCook

Industrial Property Fund

Unitholder Meeting
23 September 2010

(ASX Code: MIF)



A member of AIMS Financial Group

MacarthurCook Limited – International Real Estate Fund Manager

Issues with the Status Quo

Issues with the Status Quo

- Persistent gap between trading price and NTA
- Relatively low trading liquidity
- Increased cost of debt potentially impacting distributions
- Leasing risk – one vacancy can have significant impact
- Fund's cost of capital makes it challenging to fund acquisitions and grow the portfolio
- Very low prospects of index inclusion to attract institutional investors and improve trading price performance
- A capital raising to fund growth results in dilution for Unitholders not willing or unable to participate
- Prior to the CWH proposal being announced FY10 distribution yield was ~6% - compares to other Australian REITs of ~7% reducing the attractiveness of MIF to new capital

Wind-up Execution Risks

Leasing Risk

State Address		Occupancy (%)	WALE (years)
WA	7 Modal Cres, Canning Vale	100%	1.3
WA	19 Leadership Way, Wangara	100%	1.3
VIC	Whiteside and Main Roads, Clayton	100%	2.2
VIC	127-161 Cherry Lane, Laverton *	100%	3.9
NSW	16 Rodborough Road, Frenchs Forest	91%	12.8
NSW	22 Rodborough Road, Frenchs Forest	0%	N/A
NSW	44-46 Mandarin Street, Villawood	82%	2.6
QLD	9-13 Titanium Court, Crestmead	22%	0.6
TAS	310-314 Invermay Road, Mowbray	100%	5.9
TAS	253-293 George Town Road, Rocherlea	100%	5.9

* Both tenants have 12 month termination notice clauses

Data as at 30 June 2010

Sale Execution Risk

- A number of assets are considered to be relatively marketable
- First asset sales to pay back debt
- Several assets likely to face challenges
- Uncertainty over sale price

Property Specific Considerations

Address	Property Value	Comments
127-161 Cherry Ln Laverton VIC	\$10.35M	All tenants (two) have 12 month termination notice clauses Older building, with asbestos in walls and roof Future recladding likely Lengthy re-leasing period likely if tenant(s) vacates
22 Rodborough Rd Frenchs Forest NSW	\$6.50M	Vacant Incentives likely 'Make-good' costs
9-13 Titanium Ct Crestmead QLD	\$6.70M	78% vacant (by area) Short term lease
310-314 Invermay Rd Mowbray TAS	\$1.10M	Sole tenant is in receivership Lease payments are current (lease expires May 2016) Potential site contamination Older improvements 12 month bank guarantee held Combined ~\$1M held in trust for monitoring contamination at both ACL sites
George Town Rd Rocherlea TAS	\$4.80M	Sole tenant is in receivership Lease payments are current (lease expires May 2016) Potential site contamination Specialised buildings - increased re-leasing risk 12 month bank guarantee held Combined ~\$1M held in trust for monitoring contamination at both ACL sites

Data as at 30 June 2010

Independent Expert's Value Range

- The Independent Expert's value range of 43 cpu to 49 cpu is based on an orderly liquidation over approx. 2 years
- The top end of this range reflects 5 cpu, or 11.4% above the cash offer price of 44 cpu from CWH

Key consideration.....

Potential premium above 44 cpu versus the commercial risk & execution risk of a wind-up