

22 September 2009

Dear Unitholder

Clarification of Real Estate Capital Partners' ("ReCap") non-binding agreement to sell the MacarthurCook Industrial REIT ("MI-REIT") units that are currently owned by the MacarthurCook Industrial Property Fund ("MIF" or the "Fund")

We would like to respond to MacarthurCook's ASX announcement dated 22 September 2009 seeking clarification in respect of the non-binding agreement with Oxley Capital Group to sell the Fund's holding of 22 million units in MI-REIT ("MI-REIT Units") should ReCap be appointed as Responsible Entity of the Fund.

The rationale for the proposed sale of the MI-REIT Units is that ReCap believes that

- the Fund's investment in MI-REIT was a poor investment decision under MacarthurCook's management; and
- the value of the Fund's investment in MI-REIT is at risk given the publicly available information relating to MI-REIT.

1. The Fund's investment in MI-REIT was poor investment decision

As referred to in the Explanatory Memorandum ("EM") accompanying the Notice of Meeting, the Fund's circa \$20 million investment in MI-REIT has been the cause of various forms of losses in excess of an estimated \$19 million to date. ReCap believes that the investment was part of MacarthurCook's strategy to expand the business into Asia, a focus which contributed to a lack of focus on the management of the Fund. ReCap further believes that the investment was part of MacarthurCook's strategy to secure its interest in all the MacarthurCook managed funds by making related party investments.

The Fund's holding is now worth less than \$7 million, a value that ReCap believes that is further at risk.

2. The value of the Fund's investment in MI-REIT is at risk

Based on publicly available information, ReCap believes that MI-REIT has problems associated with its financing and commitments relating to an onerous contract.

In August 2007 MI-REIT entered into a put and call agreement to acquire a Singapore property called "Plot 4A International Business Park" for SGD91 million. In its annual accounts for the year ended 31 March 2009 it booked unrealised losses of SGD20 million, due to a drop in value of the building. More importantly, MI-REIT may be called on very shortly to acquire the building for the contracted price, which ReCap believes will not be funded by MI-REIT's financiers at the original agreed price of SGD91 million.

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ReCap is committed to ensuring the Fund exits this MI-REIT investment before there is any further fall in its value. In this respect ReCap believes that the potential sale of the MI-REIT units is in the best interests of unitholders.

3. Terms of the Agreement

ReCap has disclosed the material terms of the agreement in its correspondence to unitholders dated 15 September 2009. It has entered into a non binding agreement with Oxley Capital Group, a real estate investment company based in Singapore, to sell the Fund's holdings of 22 million units in MI-REIT should ReCap be appointed the responsible entity of the Fund. The transaction is expected to be completed approximately two weeks after ReCap's appointment, at a premium to MI-REIT's average market price over that two week period.

If you have any queries in respect of the above, or would like any further information, please do not hesitate to contact ReCap on 1800 648 328.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Saunders". The signature is written in a cursive, flowing style with a horizontal line underneath the name.

Andrew Saunders
Chief Executive Officer
Real Estate Capital Partners