

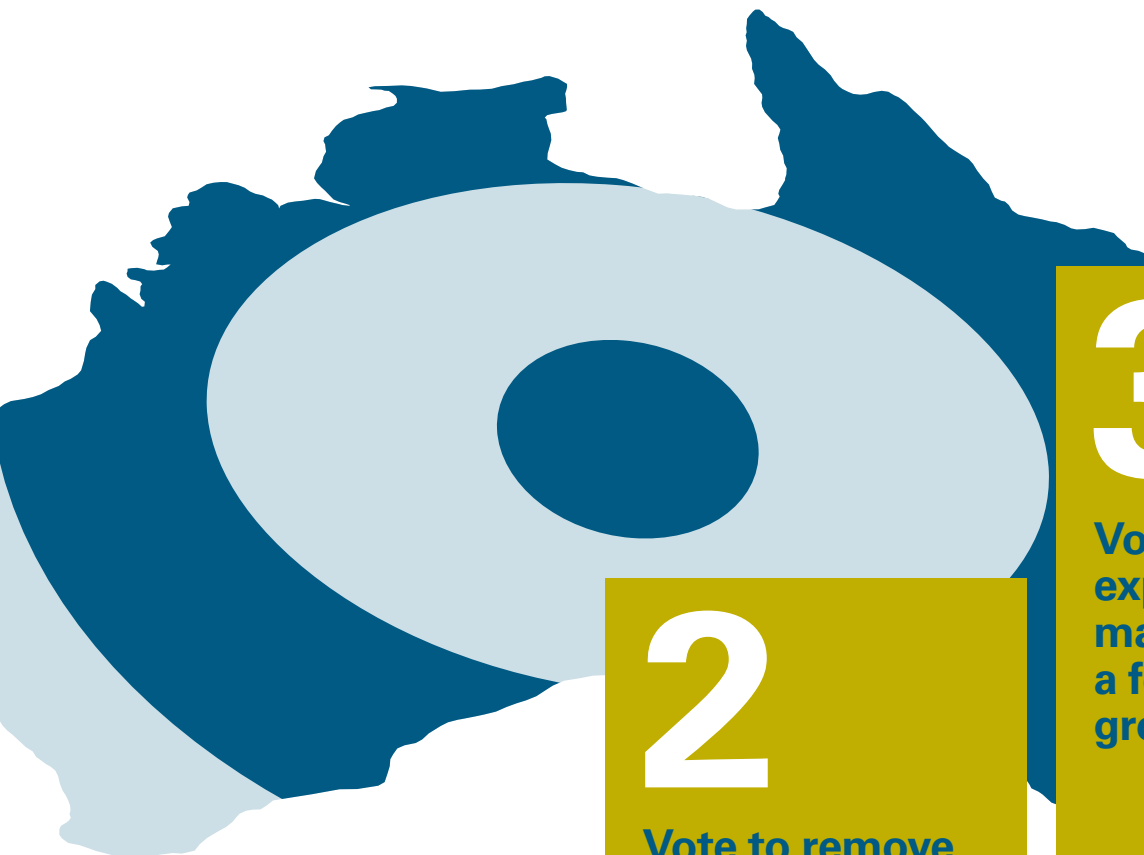
Real Estate Capital Partners

Explanatory Memorandum

MacarthurCook Industrial Property Fund

ARSN 104 606 573 | 17 AUGUST 2009

Vote in favour of all 3 Resolutions



1

**Vote to
save fees**

2

**Vote to remove
MacarthurCook**

3

**Vote for an
experienced
manager with
a focused
growth strategy**

Key Dates

Date of Explanatory Memorandum	17 August 2009
Date of Notice of Meeting	17 August 2009
Dispatch of Explanatory Memorandum	26 August 2009
Date by which proxy votes must be received	22 September 2009
Date of Meeting	24 September 2009

Contact Details

For further information please contact Real Estate Capital Partners

Investor Services

1800 648 328

Michael Jaeger

Divisional Director, Head of Distribution

Telephone: 02 9222 8108

Mobile: 0437 377 344

Email: mjaeger@recap.com.au

Real Estate Capital Partners

Level 20, 55 Market Street

Sydney NSW 2000

GPO Box 4358

Sydney NSW 2001

Telephone: 02 9222 8100

Fax: 02 9223 8788

Email: enquiries@recap.com.au

Web: www.recap.com.au

This Notice of Meeting and Explanatory Memorandum is issued by Real Estate Capital Partners (No.2) Pty Ltd ACN 124 684 475 as trustee for the EntRE M Trust, being a Unitholder of the MacarthurCook Industrial Property Fund holding at least 5% of the votes that may be cast at a meeting of Unitholders, in accordance with sections 252D and 601FM(1A)(b) (as inserted by ASIC class order 01/1541) of the Corporations Act 2001.

Contents

	Page
01 What is this Document?	2
02 Key Questions and Answers Relating to the Resolutions	3
03 Explanatory Information Relating to Resolution 1	11
04 Explanatory Information Relating to Resolution 2	14
05 Explanatory Information Relating to Resolution 3	20
06 Glossary	

01 What is this Document?

This Explanatory Memorandum has been prepared for the information of Unitholders in relation to the Resolutions to be considered and voted on at the Meeting of the Fund's Unitholders to be held at the Sofitel Hotel, 25 Collins Street, Melbourne at 10.00am on Thursday 24 September 2009.

This Explanatory Memorandum forms part of the Notice of Meeting and contains detailed information in respect of the Resolutions. This Explanatory Memorandum has been prepared by Real Estate Capital Partners (No.2) Pty Ltd ACN 124 684 475 ("ReCap"), a wholly owned subsidiary of Real Estate Capital Partners Pty Limited. ReCap as trustee of the EntRE M Trust, holds 11.8% of the Units of the MacarthurCook Industrial Property Fund ("MIF" or the "Fund"). This Explanatory Memorandum has not been prepared by MacarthurCook Fund Management Limited ("MacarthurCook"), the current Responsible Entity of the Fund, its parent MacarthurCook Limited, or AIMS Securities Holdings Limited ("AIMS"), however MacarthurCook will have the opportunity to provide its view at or before the Meeting on Thursday 24 September 2009.

The purpose of this Explanatory Memorandum is to provide Unitholders in the Fund with an explanation of the Resolutions to be proposed by ReCap, and to assist Unitholders in determining how to vote on these Resolutions. You have received this document because you are a Unitholder in the Fund and you are being asked to consider and vote on the Resolutions set out in the Notice of Meeting.

ReCap encourages you to read this Explanatory Memorandum and the Notice of Meeting in its entirety and exercise your right to vote either by attending the Meeting or lodging your proxy form.

The information contained in this Explanatory Memorandum relating to the Fund, MacarthurCook, MacarthurCook Limited and AIMS is based on publicly available information including information disclosed (a) on behalf of the Fund by MacarthurCook and by MacarthurCook Limited pursuant to their obligations under Section 674 Corporations Act 2001 and Listing Rule 3.1 of the Australian Securities Exchange, and (b) in connection with the takeover offer by AIMS for shares in MacarthurCook Limited. ReCap is not on notice that any such information is incomplete or unreliable and it has assumed that each entity has complied with its obligations of disclosure.

02 Key Questions and Answers Relating to the Resolutions

Question	Answer	Where Found
What is this Document?	This document is an Explanatory Memorandum (“EM” or “Document”) and forms part of the Notice of Meeting dated 17 August 2009. It provides you important information relating to your investment in the Fund, and asks you to vote in respect of three important resolutions that will change the management of the Fund, either via proxy or in person by attending the Meeting.	Section 1
Why have I received this Document?	You have received this Document as you are registered as a Unitholder of the Fund.	Section 1
When and where is the Meeting?	10.00am Thursday 24 September 2009 Sofitel Hotel 25 Collins Street Melbourne, Victoria	
Who currently manages the Fund?	MacarthurCook is currently the Responsible Entity of the Fund. It is a wholly owned subsidiary of MacarthurCook Limited, a company listed on the Australian Securities Exchange (“ASX”) and which is controlled by AIMS Securities Holdings Pty Ltd (“AIMS”) following the conclusion of a takeover offer. As at the date of this Document, AIMS owns approximately 92% of the shares of MacarthurCook Limited and therefore controls all subsidiaries of MacarthurCook Limited (the “MacarthurCook Group”) including MacarthurCook, the current Responsible Entity of the Fund.	Section 4
Who has issued this Document?	Real Estate Capital Partners (No.2) Pty Ltd ACN 124 684 475 (“ReCap”), a wholly owned subsidiary of Real Estate Capital Partners Pty Limited has issued this Document. ReCap as trustee for the EntRE M Trust is a Unitholder of the Fund, holding 11.8% of the Fund’s Units since November 2008. This Document is issued in accordance with Sections 252D(1) and 601FM(1A)(b) (as inserted by ASIC class order 01/1541) of the Corporations Act. Neither MacarthurCook, MacarthurCook Limited, nor AIMS, is the issuer of this Document.	Section 5
Who is Real Estate Capital Partners Managed Investments Limited?	Real Estate Capital Partners Managed Investments Limited ABN 55 115 913 810 AFSL 299 074 (“ReCapMIL”), a wholly owned subsidiary of Real Estate Capital Partners Pty Limited is an Australian property fund manager that specialises in real estate based investments. ReCapMIL has a strong track record of managing direct property funds and making investment decisions that maximise returns. It currently manages five property funds that invest in direct property and property securities.	Section 5
Who is AIMS?	AIMS controls MacarthurCook Limited, the parent company of the current Responsible Entity. AIMS is part of the AIMS Financial Group which was established in 1991. AIMS operates businesses across home loans, securitisation, funds management and property. AIMS is ultimately owned by Mr George Wang, who has been an active investor in China for the past ten years. AIMS is focused on laying a foundation for the financial bridge between Australia and China.	Section 4

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
<p>Who is AIMS? continued</p>	<p>AIMS has expertise in the property market in China. It is also developing a Chinese biotechnology fund.</p> <p>Until its takeover of MacarthurCook Limited in July 2009, AIMS did not manage any Australian property funds, nor did it have any Australian property funds management experience.</p>	<p>Section 4</p>
<p>Why has ReCap sent me this Document?</p>	<p>ReCap has issued this Explanatory Memorandum and called the Meeting to ask you to vote in favour of three resolutions that will have the effect of removing a fee which entrenches MacarthurCook’s management position, and changing the Responsible Entity of the Fund to ReCapMIL (the “Resolutions”).</p>	<p>Sections 3, 4 and 5</p>
<p>Why is ReCap asking me to approve changes to the management of the Fund?</p>	<p>As a Unitholder, ReCap is not satisfied with the performance of the Fund under the management of MacarthurCook.</p> <p>Why is ReCap not satisfied?</p> <ul style="list-style-type: none"> ▪ The Fund’s principal investment is Australian industrial real estate, but MacarthurCook Limited has stated its focus is on expansion into Asia; ▪ The new ultimate shareholder of MacarthurCook is AIMS, which is also focused on Asia and has no prior experience in managing direct Australian real estate, beyond its acquisition of MacarthurCook Limited; ▪ MacarthurCook’s Asian focus resulted in the Fund making a circa \$20 million investment in a MacarthurCook managed Singapore real estate trust, which has resulted in various forms of losses in excess of an estimated \$19 million: <ul style="list-style-type: none"> ▪ \$2.0 million realised loss on sale of a portion of the units; ▪ \$5.5 million realised loss on closing out foreign currency borrowings; and ▪ \$11.7 million unrealised loss in the holding value of the Fund’s current investment (as at 14 August 2009). See page 16 for further details ▪ The suspension of distributions since December 2008; ▪ The frozen Debt Facility (National Australia Bank (“NAB”) has not allowed any further drawdown of debt); ▪ The NTA per Unit decline of in excess of 40% over the past 12 months; ▪ The discount of circa 69% of the 3 month volume weighted average price (“VWAP”) at the date of this Document for the Units as compared to the current estimated NTA per Unit; and ▪ The sale of assets in a soft property market at below their combined valuation. <p>ReCap is not satisfied that MacarthurCook has implemented appropriate strategies to address the Fund’s issues. Nor does it believe that the strategies stated in MacathurCook’s ASX announcement dated 12 August 2009 adequately deal with the above issues.</p> <p>Within this Document, ReCap will articulate a number of strategies that ReCapMIL intends to implement if ReCapMIL is appointed Responsible Entity of the Fund, that will aim to address the above issues and improve the performance of the Fund.</p>	<p>Section 4</p>

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
How does ReCapMIL intend to improve the performance of the Fund?	<p>As soon as practicable after its appointment as Responsible Entity of the Fund, ReCapMIL intends to adopt strategies that aim to:</p> <p>Stabilise the Fund and introduce more effective capital management strategies to strengthen the Fund’s balance sheet and support a sustainable distribution program by:</p> <ul style="list-style-type: none">▪ Refinancing the debt facility currently held with NAB (“Debt Facility”). Real Estate Capital Partners has received a commitment letter and indicative terms sheet (subject to formal credit approval) from the ANZ Bank (“ANZ”) to refinance the portfolio of properties with a revolving debt facility at a loan to valuation ratio (“LVR”) of 50.0%. The main conditions for the loan are completion of the rights issue (noted below), ANZ’s satisfaction with the valuation and leases of the underlying properties, and ReCapMIL becoming the Responsible Entity of the Fund.▪ Raising additional equity by undertaking a rights issue for the Fund. Real Estate Capital Partners has received a letter from an underwriter expressing interest to underwrite a rights issue subject to a number of conditions including due diligence, market testing and ReCapMIL becoming the Responsible Entity of the Fund. <p>Conduct a strategic review of the assets of the Fund to allow ReCapMIL to make investment decisions that aim to close the gap between the current Unit price and NTA per Unit. This may occur through the acquisition of additional Australian industrial properties to complement the existing portfolio. Real Estate Capital Partners is currently in discussions with parties in respect of acquiring a portfolio of Australian industrial assets that would be accretive to the Fund’s earnings.</p> <p>Please refer to the risks outlined on page 9.</p>	Section 5
Why is a potential rights issue of benefit to Unitholders?	<p>There are a number of ways in which a fund manager can reduce balance sheet debt including the sale of assets, or the raising of additional equity. The current Responsible Entity, MacarthurCook, has divested assets at below their combined valuation in a soft property market to reduce debt, without having the ability to redraw on this debt to acquire further assets (because NAB has not allowed any further drawdown of debt). This strategy is compounded by the fact that MacarthurCook has not acquired a single direct property asset since listing in December 2007.</p> <p>ReCapMIL believes that in the current property market an expansionary strategy is more appropriate to rebuild the Fund. It therefore intends to raise equity to reduce debt with the aim of stabilising the balance sheet and providing a platform for future growth for the Fund.</p> <p>In a rights issue, all Unitholders will have the opportunity to participate so as to not dilute their Unitholding in the Fund. There is a risk however that if you do not take up your rights entitlement then your interest in the Fund will be diluted. Participation in a potential rights issue should allow Unitholders to average down their entry price for the Units where they have paid more for the</p>	Section 5

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
Why is a potential rights issue of benefit to Unitholders? continued	<p>acquisition of their Units as compared to the issue price of Units under a rights issue. Further, a properly stabilised balance sheet should support a sustainable income distribution strategy.</p> <p>As a major Unitholder, ReCap intends to take up its entitlements under any future rights issues.</p> <p>ReCapMIL expects that following the stabilisation of the Fund's balance sheet, any further equity raisings will be in relation to the acquisition of a portfolio of assets that would be accretive to the Fund's earnings.</p>	Section 5
What Resolutions are being proposed by ReCap?		
Resolution 1	The amendment of the Constitution to remove clause 19.4 <i>"Reimbursement fee on replacement of Responsible Entity"</i>	Section 3
Resolution 2	The removal of MacarthurCook Fund Management Limited as Responsible Entity of the Fund.	Section 4
Resolution 3	The appointment of Real Estate Capital Partners Managed Investments Limited as the new Responsible Entity of the Fund.	Section 5
How does ReCap recommend that you vote in respect of the Resolutions?		
Resolution 1	Vote IN FAVOUR OF this resolution	Section 3
Resolution 2	Vote IN FAVOUR OF this resolution	Section 4
Resolution 3	Vote IN FAVOUR OF this resolution	Section 5
Why should I vote IN FAVOUR OF Resolution 1?	<p>Currently the effect of clause 19.4 of the Fund's Constitution is to enable MacarthurCook to receive a fee on being replaced as the Responsible Entity of the Fund. Based on ReCap's estimate of gross asset value as at 30 June 2009 this fee would be circa \$2.7 million.</p> <p>ReCap believes that MacarthurCook should not be entitled to a Reimbursement Fee.</p> <p>As part of the Fund listing on the ASX in December 2007, Unitholders approved the payment to MacarthurCook of \$4.5 million via the issuance of Units in the Fund. This fee was intended to compensate MacarthurCook for a loss in fee revenue due to the Fund becoming listed and therefore adopting a lower fee structure than whilst it was unlisted ("Compensation Payment"). ReCap believes that this \$4.5 million Compensation Payment was excessive based on the investment activity within the Fund since its payment. ReCap's reasoning for this belief is set out in detail in Section 3.</p>	Section 3

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
<p>Why should I vote IN FAVOUR OF Resolution 1? continued</p>	<p>If this Resolution 1 is not passed, but Resolution 2 and Resolution 3 are passed, or if there is a change in the Responsible Entity of the Fund in the future, MacarthurCook will be entitled to a further \$2.7 million in fees which, unless waived, would represent a further decline in the NTA per Unit of 2.8 cents.</p> <p>ReCap urges you to vote in favour of Resolution 1 to prevent MacarthurCook being paid any further fees on its replacement as Responsible Entity of the Fund.</p>	Section 3
<p>Why should I vote IN FAVOUR OF Resolution 2?</p>	<p>As a Unitholder of the Fund, ReCap is not satisfied with the performance of the Fund under the management of MacarthurCook.</p> <p>ReCap believes that this unsatisfactory performance is due to MacarthurCook's lack of effective capital management strategies, its inability to adhere to its stated capital management policies, and its extensive focus on Asia.</p> <p>Capital Management</p> <p>MacarthurCook has not diversified the Fund's debt finance beyond NAB, despite its stated strategy to diversify funding sources. Notwithstanding that the Fund is not in breach of its LVR covenant of 62.5%, MacarthurCook has not been able to utilise the full amount available under the Fund's Debt Facility (NAB has not allowed any further drawdown of debt). This has caused MacarthurCook to suspend distributions in order to meet its capital expenditure obligations for 16 Rodborough Road, Frenchs Forest, NSW. Further, MacarthurCook has at various times exceeded the Fund's stated target gearing ratio of 50.0%.</p> <p>In addition to suspending distributions, another capital management strategy that MacarthurCook has adopted has been to sell assets. This has resulted in assets being sold at below their combined valuation to pay down debt (as stated in its ASX announcement dated 12 August 2009). ReCap believes that this strategy is suboptimal for the Fund.</p> <p>Focus on Asia</p> <p>MacarthurCook Limited has been focused on expanding its business into Asia. As part of this strategy it established the Singapore based MacarthurCook Industrial REIT ("MI-REIT") in which the Fund invested, acquiring 10% of its units in February 2008. This related party investment has been the cause of a reduction in NTA per Unit of 13 cents (as per 31 December 2008 accounts) due to the value of the MI-REIT units reducing substantially.</p> <p>Given AIMS is also focused on Asia, ReCap does not believe that AIMS' control of MacarthurCook Limited will correct the issues created by MacarthurCook.</p>	Section 4

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
<p>Why should I vote IN FAVOUR OF Resolution 3?</p>	<p>ReCap believes ReCapMIL is better positioned to manage the Fund given ReCapMIL's active management focus in the Australian direct property market, and its extensive expertise in the Australian property funds management sector.</p> <p>As outlined in the section above "How does ReCapMIL intend to improve the performance of the Fund?", ReCapMIL intends to use a number of strategies with the aim of improving the performance of the Fund by:</p> <ul style="list-style-type: none"> ▪ Stabilising the Fund and strengthening its balance sheet through refinancing the Debt Facility with ANZ Bank and undertaking an underwritten rights issue; and ▪ Undertaking a strategic review of the assets with a view to expanding the size of the Fund through accretive acquisitions. <p>ReCapMIL is a specialist property funds manager that has specific and relevant experience in stabilising capital structures and actively managing underlying properties.</p> <p>Please refer to the risks outlined on page 9.</p>	<p>Section 5</p>
<p>Are any of these Resolutions interdependent?</p>	<p>Resolution 1 is independent from the other Resolutions. This means that your vote for Resolution 1 is not dependent on how you vote for Resolution 2 and Resolution 3.</p> <p>There is a risk however that if Resolution 1 is not passed, but Resolution 2 and Resolution 3 are passed, that the Reimbursement Fee will be payable to MacarthurCook, which will erode the NTA per Unit by circa 2.8 cents. Additionally there is a risk that, if none of the Resolutions are passed, then a change of Responsible Entity at a later time will still result in a Reimbursement Fee payment to MacarthurCook.</p> <p>ReCap therefore recommends that you vote IN FAVOUR OF Resolution 1.</p> <p>Resolution 2 and Resolution 3 are dependent on each other. This means that if you vote in favour of Resolution 2, you are required to vote in favour of Resolution 3. Conversely, if you vote in favour of Resolution 3, you are required to vote in favour of Resolution 2.</p> <p>ReCap therefore recommends that you vote IN FAVOUR OF Resolution 2 and Resolution 3.</p>	<p>Sections 3, 4 and 5</p>
<p>If the Resolutions are passed, when do they take effect?</p>	<p>Resolution 1 will take effect when MacarthurCook lodges the change in the Constitution with ASIC. Resolution 2 and Resolution 3 will take effect when ASIC changes its records to reflect the removal of MacarthurCook, and the appointment of ReCapMIL, as Responsible Entity.</p>	
<p>Do the Directors of MacarthurCook recommend the resolutions?</p>	<p>ReCap is not aware of how or what MacarthurCook will communicate to Unitholders.</p>	

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
What is the consequence of voting in favour of Resolutions 1, 2 and 3?	MacarthurCook will be removed as the Responsible Entity for the Fund, and will not be entitled to any further fees (including ongoing management fees and the Reimbursement Fee). The new Responsible Entity for the Fund will be ReCapMIL which will be responsible for the management of the Fund and will be entitled to fees for its management. However, neither ReCapMIL nor any other future Responsible Entity will be entitled to a Reimbursement Fee.	
Will there be any changes to the fee structure of the Fund?	No. ReCapMIL will adopt the same fee structure as outlined in the Fund's Constitution, with the exception of the removal of the Reimbursement Fee should Resolution 1 be passed.	
What are the risks associated with the passing of Resolution 2 and Resolution 3?	<p>The risks associated with the change in Responsible Entity include:</p> <ul style="list-style-type: none"> ▪ Potential breach in the Debt Facility and derivative contracts to which the Fund is a party. This could result in NAB charging default interest or enforcing its security over the underlying properties. ReCap believes that risks in respect of the Debt Facility should be mitigated by its intention that it will be refinanced with ANZ Bank. However, the ANZ debt facility is subject to a number of conditions which may not be satisfied. The derivative contracts will require review once ReCapMIL becomes the Responsible Entity; ▪ Adverse consequences for the holding of real estate assets. ReCap does not believe that there are any such consequences based on publicly available information as to how the assets are held. However, there could be information, which has not been disclosed relating to the way in which property is held that may cause certain agreements to be breached; ▪ There can be no guarantee that any particular level of performance of the Fund will be achieved once the Responsible Entity is changed or that strategies that ReCapMIL intends to adopt will achieve ReCapMIL's aims; ▪ General market risks associated with the Fund that are outside the control of ReCapMIL; and ▪ Costs associated with a change in Responsible Entity. However please note that costs associated with the Meeting are being paid by ReCap and are not payable by the Fund. 	Section 5
Are there any tax consequences of approving Resolutions 1, 2 and 3?	There should be no change in the tax treatment of Unitholders' investment in the Fund.	
What happens if the Resolutions are not approved?	MacarthurCook, which is ultimately controlled by AIMS, will remain the Responsible Entity of the Fund. If in the future MacarthurCook is replaced as Responsible Entity then MacarthurCook will be entitled to the Reimbursement Fee pursuant to the Constitution at that later time.	

02 Key Questions and Answers Relating to the Resolutions continued

Question	Answer	Where Found
What do I do if I cannot attend the Meeting?	<p>A proxy form is attached to this Notice of Meeting, which provides further details on appointing proxies and lodging proxy forms. To be valid, both the form appointing the proxy and the power of attorney (if any) under which it is signed (or a certified copy thereof) must be lodged with the registrar, Computershare, but no later than 10.00am on Tuesday 22 September 2009, being 48 hours prior to the Meeting. The proxy form can be returned by:</p> <ul style="list-style-type: none">▪ Lodging it with Computershare;▪ Posting it in the reply paid envelope to Computershare; or▪ Faxing it to Computershare on 1800 783 447 or +61 3 9473 2555.	
What do I do if I have any questions?	<p>If you have any questions at all, or require any further information, please do not hesitate to contact Real Estate Capital Partners on 1800 648 328 or consult your professional adviser.</p>	Section 5

03 Explanatory Information Relating to Resolution 1

Resolution 1 – Amendment of the Constitution to Remove Clause 19.4 “Reimbursement Fee on Replacement of Responsible Entity”

3.1 Background

Clause 19.4 of the Constitution currently reads as follows:

“Subject to the proper performance of its duties, the Responsible Entity will be entitled to receive a fee of up to a total amount of 2% of the Gross Asset Value (as valued by an independent valuer in its most recent valuation provided to the Responsible Entity) immediately prior to its replacement as responsible entity of the Trust.”

The effect of this clause 19.4 is that if MacarthurCook is replaced as the Responsible Entity of the Fund, it will be entitled to a reimbursement fee. Based on ReCap’s estimate of the Gross Asset Value of the Fund as at 30 June 2009, this fee would be approximately \$2.7 million. This equates to 2.8 cents per Unit and would have the effect of reducing the estimated NTA per Unit from circa 61 cents to 58 cents.

3.2 What fees has MacarthurCook been paid to manage the Fund?

Since the establishment of this Fund, MacarthurCook has been paid the following fees as disclosed in the MIF accounts:

MacarthurCook Management Fees

Fee Type	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	FY 2008 (\$000)	Total (\$000)
Management Fees	96	404	587	2,463	1,207	4,757
Property Acquisition Fee	518	200	1,097	185	188	2,189
Compensation Fee*					4,500	4,500
Total	614	604	1,685	2,648	5,895	11,446

* The \$4.5 million Compensation Fee payment made in December 2007 was to compensate MacarthurCook for the future loss of fees due to the Fund being listed and MacarthurCook adopting a lower fee scale than whilst it was unlisted. The payment was made by the issuance of MIF Units to MacarthurCook. ReCap believes that based on the investment activity within the Fund, MacarthurCook has been overpaid for its management services, specifically with reference to the \$4.5 million Compensation Fee.

3.3 Why does ReCap believe MacarthurCook has been overpaid for its management services?

ReCap has calculated the fees that MacarthurCook would have earned based on the Fund’s fee scale whilst unlisted, as compared to its current fee scale whilst listed, since the date of listing. The main difference in fee scale relates to a reduction in management fees from 0.95% to 0.65% of gross assets under management (excluding the Fund’s investment in MI-REIT) per annum, and the abolishment of a 2.0% disposal fee payable on the sale of Australian properties that were sold above their acquisition price, and a 2.0% acquisition fee of the purchase price of any real Australian property. The disposal fee and acquisition fee were replaced by a 0.5% and 1.0% fee payable respectively for properties disposed of or acquired outside of Australia only.

03 Explanatory Information Relating to Resolution 1 continued

Since the date of the \$4.5 million payment, ReCap has estimated that MacarthurCook would have forgone approximately \$1.8 million of additional fees given the investment activity within the Fund (without regard for the specific fees that MacarthurCook has charged the Fund). This is significantly lower than the \$4.5 million Compensation Payment.

This is outlined as follows:

MacarthurCook estimated forgone fees to 30 June 2009 since listing

	Fee	Listing to FY 2007 (\$000)	FY 2008 (\$000)	FY 2009 (\$000)	Total (\$000)
Gross Asset value (excl. MI-REIT)		169,057	173,067	131,118 (est)	
Asset management fees at 0.95%	0.95%	937	1,644	1,246	
Asset management fees at 0.65%	0.65%	641	1,125	852	
Difference		296	519	393	1,208

Estimated Forgone Disposal Fees	Fee	Clyde (\$000)	Eight Mile Plains (\$000)	Eagle Farm (\$000)	Sumner Park (\$000)	Total (\$000)
Date		16/7/07	29/12/08	22/4/09	13/5/09	
Acquisition Price and Costs		10,920	6,227	5,487	7,615	
Sale Price		11,200	7,600	5,300	9,180	
Estimated Disposal Fee at 2.00%	2.00%	224	152	Nil	184	560
Total Estimated Forgone Fees						1,768

Based on the above table, ReCap believes that MacarthurCook should not have been paid \$4.5 million Compensation Fee in December 2007. If Resolution 1 is not passed, the Reimbursement Fee payable under clause 19.4 of the Constitution will mean that MacarthurCook is paid an estimated \$2.7 million if it is replaced as Responsible Entity. ReCap believes that MacarthurCook should not be entitled to any further fees on its replacement as Responsible Entity.

3.4 Proper performance of duties?

It is important to note one key condition to this fee becoming payable is *"Subject to the proper performance of its duties..."*

The reason why ReCap has called this Meeting and issued this Document is that it is not satisfied with the performance of the Fund under the management of MacarthurCook. Although AIMS has recently taken control of MacarthurCook, ReCap does not believe that it will be able to correct the issues within the Fund and improve the performance of the Fund, particularly with its focus on Asia.

Please see Section 4 for further details.

03 Explanatory Information Relating to Resolution 1 continued

3.5 There is a precedent for this

Reimbursement fees like this are not uncommon in both listed and unlisted property schemes. Whilst this may be the case, there has been a recent and relevant example of a meeting for the MacarthurCook Asian Real Estate Securities Fund, where Unitholders voted to remove a similar clause in that constitution to avoid any further payment to MacarthurCook Limited (clause 21.4). At this meeting the unitholders also approved resolutions that caused the fund to be terminated on 28 November 2008 and subsequently wound up.

3.6 How to Vote

ReCap urges you to vote IN FAVOUR OF the removal of this fee by removing Clause 19.4 of the Constitution to ensure that MacarthurCook is not paid a further \$2.7 million in fees, further eroding Unitholder value by 2.8 cents per Unit.

Voting exclusions

Under section 253E of the Corporations Act, the Responsible Entity and its associates are not entitled to vote on Resolution 1. Resolution 1 proposes to delete clause 19.4 of the Constitution, and therefore prevent payment of a Reimbursement Fee to the Responsible Entity in the event of the removal of the Responsible Entity. Therefore the Responsible Entity has an interest in Resolution 1 other than as a Unitholder in the Fund. This means that 24.4% of the Units on issue that are held by MacarthurCook and its associates as at the date of this Document, cannot be voted.

Unitholder approval

Resolution 1 must be approved by a special resolution and will be decided on a poll. The resolution will be passed on a poll if passed by at least 75% of the votes cast by Unitholders entitled to vote on the resolution. It is therefore critical that you register your vote to approve this resolution. On a poll, each Unitholder has one vote for each whole dollar of Unit value that it holds in the Fund.

Resolution 1 is independent

Resolution 1 is independent from Resolution 2 and Resolution 3. Therefore, whether or not Resolution 2 and Resolution 3 are passed will not have an impact on the outcome of Resolution 1. Conversely, whether Resolution 1 is passed will not have an impact on the outcome of Resolution 2 and Resolution 3.

Risk if Resolution 2 and Resolution 3 are passed and Resolution 1 is not passed

There is a risk that if Resolution 1 is not passed, and Resolution 2 and Resolution 3 are passed, that the Reimbursement Fee would be payable to MacarthurCook which will have the effect of reducing NTA per Unit by a further 2.8 cents. Additionally, at a future time ReCapMIL or any other Responsible Entity would be entitled to a Reimbursement Fee if they are replaced.

Recommendation by ReCap

Do not reward MacarthurCook for the lack of performance of the Fund. Do not erode the value of your investment by a further \$2.7 million or 2.8 cents per Unit.

Vote IN FAVOUR OF Resolution 1.

04 Explanatory Information Relating to Resolution 2

Resolution 2 – The Removal of MacarthurCook Fund Management Limited as Responsible Entity of the Fund

4.1 Background

As a Unitholder of the Fund, ReCap is not satisfied with the performance of the Fund under the management of MacarthurCook.

ReCap believes that this unsatisfactory performance is due to MacarthurCook's lack of effective capital management strategies, its inability to adhere to its stated capital management policies, and its extensive focus on Asia.

Capital Management

MacarthurCook has not diversified the Fund's debt finance beyond NAB, despite its stated strategy to diversify funding sources. Notwithstanding that the Fund is not in breach of its LVR covenant of 62.5%, MacarthurCook has not been able to utilise the full amount available under the Fund's Debt Facility (NAB has not allowed any further drawdown of debt). This strategy is compounded by the fact that MacarthurCook has not acquired a single direct property asset since listing in December 2007, and has caused MacarthurCook to suspend distributions in order to meet its capital expenditure obligations for 16 Rodborough Road, Frenchs Forest, NSW.

In addition to suspending distributions, another capital management strategy that MacarthurCook has adopted has been to sell assets. This has resulted in assets being sold at below their combined valuation to pay down debt (as stated in its ASX announcement dated 12 August 2009). ReCap believes that this strategy is suboptimal for the Fund.

Notwithstanding these asset sales, the Fund's gearing remains higher than the stated target gearing ratio of 50.0%.

Focus on Asia

MacarthurCook has been focused on expanding its business into Asia. As part of this strategy it established the Singapore based MacarthurCook Industrial REIT ("MI-REIT") in which the Fund invested, acquiring 10% of its units in February 2008. This related party investment has been the cause of an estimated reduction in NTA per Unit of circa 14 cents over the investment period (this is a drop of circa 13 cents per Unit over the 6 months from 30 June 2008 to 31 December 2008). This is due to the loss on sale of 4 million MI-REIT units, as well as the value of the Fund's current holding of MI-REIT units reducing by approximately 64% since acquisition. Further losses of circa 5.6 cents per Unit were realised due to the way in which this investment was financed. See page 16 for further information.

ReCap believes that AIMS' control of MacarthurCook Limited will not improve the performance of the Fund.

ReCap believes that AIMS' control will only strengthen MacarthurCook's focus in Asia at the expense of actively addressing the Fund's issues. ReCap believes that this Asian focus is part of the reason why the Fund has underperformed.

4.2 Why should MacarthurCook be removed as Responsible Entity of the Fund?

ReCap is not satisfied with the performance of the Fund under the management of MacarthurCook for the following reasons:

Ineffective Capital Management Strategies

MacarthurCook has made no recent capital management strategy announcements other than to sell assets and suspend distributions.

In the Chairman's Letter included in the product disclosure statement for the Fund dated 16 October 2007 ("PDS"), the following statement was made: "*Longer term, MacarthurCook intends to redraw the Fund's debt capacity to continue building the Fund's portfolio of industrial properties. In particular, the Fund will*

04 Explanatory Information Relating to Resolution 2 continued

actively seek to invest in industrial properties located in Australia and overseas..." MacarthurCook has not acquired a single direct industrial property in Australia or overseas (the Fund's investment in MI-REIT was an indirect investment), nor has it been able to redraw on its debt capacity as announced in December 2008.

Inability to adhere to Capital Management Policies

There are a number of statements about the Fund's capital management policies that MacarthurCook made in the PDS and the 30 June 2008 annual report. ReCap believes that the policies that MacarthurCook outlined were insufficient to adequately protect the Fund in the current economic environment, and that MacarthurCook has not acted consistently with its stated policies, such as:

Strategy stated in the PDS or Annual Report

ReCap's comment on MacarthurCook's approach to this strategy

Maintain strong balance sheet by adopting and maintaining target gearing ratio

The Fund has exceeded its target gearing ratio of 50.0% at various times, reporting a ratio as high as 57.8%. The NAB Debt Facility provides for an LVR of 62.5%, however MacarthurCook has been unable to utilise this facility as NAB has not allowed any further drawdown of debt. As a consequence MacarthurCook has sold assets at below their combined valuation to pay down debt and has not acquired a single direct property asset since listing.

Secure diversified funding sources from both financial institutions and capital markets as the Fund grows in size and scale

MacarthurCook has failed to achieve diversified funding sources in either the debt or equity markets. This is illustrated by:

- NAB is the only financier to the properties owned by the Fund.
- The Fund has failed to obtain the support from a diversified group of institutional financial investors. ReCap believes that this has contributed to the illiquidity in the MIF stock and the Unit price remaining low. ReCap believes the Fund would benefit from a broader investor base, to ensure that the stock is actively traded and supported. MacarthurCook has not released any statements relating to such a strategy.

Use of foreign currency denominated borrowings to match the currency of the asset investment as a natural hedge

MacarthurCook on behalf of the Fund entered into a multi-currency facility to finance the acquisition of the Fund's stake in MI-REIT. However this multi-currency facility had a sub-facility limit denominated in Australian dollars ("AUD") which compromised the natural hedge intended by this multi-currency facility. The depreciation of the AUD compared to the Singapore dollar ("SGD") caused a loss of \$5.5 million, or 5.6 cents per Unit in the 31 December 2008 financial statements due to MacarthurCook's decision to close out the Fund's foreign currency borrowings relating to the investment in MI-REIT.

Long term targeted gearing rate is 50.0% of the total tangible assets of the Fund

The following table illustrates the gearing levels of the Fund at each reporting date:

Date	Gearing*
31-Dec-07	40.5%
30-Jun-08	46.1%
31-Dec-08	57.8%
30-Jun-09	54.5% (est)

*Gearing = Total liabilities divided by total tangible assets.

04 Explanatory Information Relating to Resolution 2 continued

Focus on Asia

MacarthurCook Limited has made several announcements in respect of its focus on Asia, including establishing an Asian platform through the creation of its Singapore office. ReCap believes that this focus on Asia has contributed to a lack of focus on the management of the Fund and that AIMS' control of MacarthurCook further exacerbates this issue.

As part of its focus on Asia, MacarthurCook made an investment on behalf of the Fund into the Singapore based MacarthurCook managed MI-REIT, initially acquiring 26 million units for circa \$20 million. This related party investment has been the cause of various forms of losses in excess of an estimated \$19 million to date.

Specifically, there are two realised losses that MacarthurCook has reported in respect of the Fund's investment in MI-REIT:

- The loss of \$5.5 million, or 5.6 cents per Unit, as a result of MacarthurCook's decision to close out the Fund's foreign currency borrowings relating to the investment in MI-REIT.
- The loss of \$2.0 million, or 2.1 cents per Unit, caused by the sale of 4 million MI-REIT units in October 2008.

In addition to the realised losses associated with MI-REIT, ReCap has calculated that there is a significant unrealised loss in respect of the 22 million MI-REIT units the Fund still holds, when comparing the average acquisition price of MI-REIT units to the price as at 14 August 2009. Based on ReCap's estimates (ignoring any potential foreign exchange gains/losses associated with derivative contracts), assuming units were acquired between February 2008 and June 2008, the value of the Fund's investment in MI-REIT has declined as follows:

Date	Unit Price (SGD)	Value
Acquisition in 2008 (average) (SGD)	1.00	22,000,000
14 August 2009 (SGD)	0.36	7,920,000
Unrealised Loss (SGD)		(14,080,000)
Converted at 14 August 2009 (AUD/SGD)		1.2016
Unrealised Loss (AUD)		(\$11,717,710)
Unrealised Loss (AUD)		(11.95 cents per Unit)

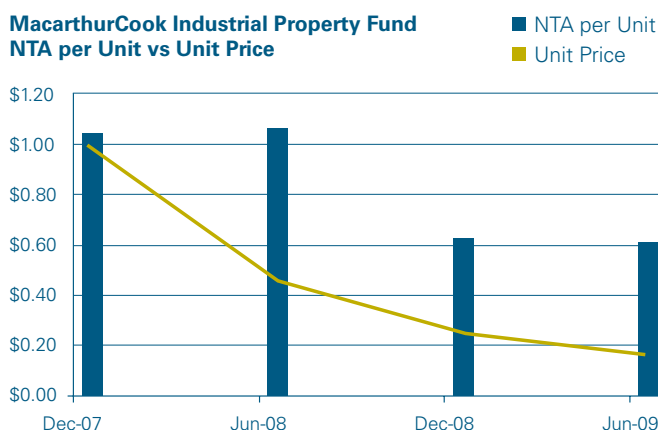
This table illustrates that as at 14 August 2009 the value of the Fund's existing investment in MI-REIT is worth only approximately 36% of its initial SGD value, representing an estimated unrealised loss of \$11.7 million or 11.95 cents per Unit. Together with the 2.1 cents per Unit in realised losses associated with the sale of MI-REIT units, this has been the cause of an estimated reduction in NTA per Unit of circa 14 cents over the investment period. Further, losses of circa 5.6 cents per Unit, were realised due to way in which this investment was financed.

The performance of the Fund since listing

The following table illustrates the Unit price performance as compared to the NTA per Unit since listing:

Unit Price Performance of the Fund compared to its NTA per Unit

**MacarthurCook Industrial Property Fund
NTA per Unit vs Unit Price**



Source: MacarthurCook Industrial Property Fund financial statements, Bloomberg (June 09 NTA is based on ReCap's estimate)

04 Explanatory Information Relating to Resolution 2 continued

The decline of NTA per Unit

ReCap recognises that the level of decline in the Unit price is not dissimilar to the other Australian Industrial real estate investment trusts, as outlined in MacarthurCook's ASX announcement dated 12 August 2009. However, not only has the Unit price dropped, the NTA per Unit has also declined significantly since the time of listing the Fund on the ASX, a fall that cannot be explained purely by volatility in the share market. The table below illustrates that the NTA per Unit has fallen in excess of 40% within a period of 12 months:

Date	Stated NTA per unit	Reason for movement from previous NTA calculation
Listing and Capital Raising – December 2007	\$1.045	
30 June 2008	\$1.06	↓ Writedown and sales of properties (\$0.23)
31 December 2008	\$0.621	↓ Writedown and sales of MI-REIT investment (\$0.13) ↓ Decrease of other assets and increase of liabilities (\$0.08)
30 June 2009	Estimate \$0.61	

4.3 ReCap believes that the performance of the Fund will not improve under the control of AIMS

Who is AIMS?

AIMS is the owner of approximately 92% of the shares of MacarthurCook Limited, the parent company of current Responsible Entity.

AIMS is part of the AIMS Financial Group which was established in 1991 as an international financial group focusing on funds management, real estate investment, securitisation and mortgage lending. It is ultimately owned by Mr George Wang, who has been an active investor in China for the past ten years. AIMS is focused on laying a foundation for the financial bridge between Australia and China.

AIMS has businesses across home loans, securitisation, funds management and property.

AIMS released five bidder statements and supplementary bidder statements in respect of the takeover of MacarthurCook Limited. These bidder statements will all be referred to as "AIMS Bidder Statements".

AIMS has not provided any information of its expertise in the Australian property market or the Australian property funds management sector.

The funds management and property expertise outlined in the AIMS Bidder Statements extends only to a real estate opportunities fund across Australia and China. It is also developing a Chinese biotechnology fund. Prior to its control of MacarthurCook Limited it did not manage any Australian property funds.

AIMS' property business provides opportunities for investors to invest in a range of property products within the non-traditional sub-sectors of the property market. ReCap understands that most of its property expertise relates to projects in China. AIMS owns and operates a real estate agency that predominantly services Chinese nationals and Australian investors/occupiers.

04 Explanatory Information Relating to Resolution 2 continued

Why did AIMS make the offer for MacarthurCook Limited?

In the AIMS Bidder Statements AIMS states that it *“has made the offer [for MacarthurCook Limited] because it expects the acquisition of MacarthurCook will:*

- *reinforce AIMS Financial Group’s strategy of investing in fund managers with suitable business platforms and business models*
- *significantly strengthen the AIMS Financial Group’s ability to service clients in Asia with complementary products and investments*
- *allow AIMS Financial Group to introduce MacarthurCook to Asian opportunities including the possible development of further funds in the Asian region and the possible acquisition of Asian real estate securities mandates*
- *create an opportunity to realise cost synergies by combining MacarthurCook’s operations with AIMS Financial Group’s operations and applying best business practices to them (although no such cost synergies have been identified by AIMS).”*

Why did the board of MacarthurCook Limited recommend the AIMS offer?

AIMS has stated in the AIMS Bidder Statements that if it acquires a sufficient number of the shares of MacarthurCook Limited *“it will conduct an immediate review of MacarthurCook’s operations and assets at a financial and strategic level.”*

In its Target Statement dated 30 June 2009, the MacarthurCook Limited board stated that it *“believes that AIMS has not provided you sufficient detail around its proposed plan for the future of MacarthurCook”* and that there are *“key issues inherent in any strategic plan for MacarthurCook going forward, which could lead to a significant deterioration of value to Shareholders if left unaddressed.”*

AIMS then attempted to address the concerns of the Board of MacarthurCook Limited by describing its intentions relating to the operations and assets of MacarthurCook Limited within the AIMS Bidder Statements. ReCap believes that the relevant comments for this Fund are as follows:

- *“AIMS had anticipated opportunities for the expansion of the MacarthurCook platform into new territories in Asia. AIMS is in the process of developing opportunities to offer financial products and services in China.....which may present opportunities to launch a Chinese real estate trust (REIT)*
- *AIMS has discussed these opportunities with the Board of MacarthurCook and the Board of MacarthurCook has acknowledged the potential benefit of developing these and similar opportunities jointly or through the MacarthurCook platform*
- *AIMS intends to retain MacarthurCook’s Melbourne and Singapore offices*
- *AIMS intends to retain MacarthurCook’s existing management team and staff, including the Managing Director of MacarthurCook, Mr Craig Dunstan”*

Notwithstanding that the MacarthurCook Limited Board subsequently recommended the offer following an increase in the price offered by AIMS for the shares of MacarthurCook Limited, it is not apparent to ReCap how the concerns outlined in the MacarthurCook Limited Target Statement were otherwise addressed.

It should be noted that Mr Craig Dunstan resigned as Managing Director, and from the Board of MacarthurCook Limited on Monday 13 July 2009. Mr Dunstan also sold his MacarthurCook Limited shareholding into the bid by AIMS as did the other directors.

ReCap believes that AIMS does not have the ability to correct the historical shortcomings of the Fund nor to improve the performance of the Fund

04 Explanatory Information Relating to Resolution 2 continued

4.4 How to Vote

ReCap strongly recommends that you vote IN FAVOUR OF Resolution 2 – to remove MacarthurCook as Responsible Entity

Voting exclusions

No voting exclusions will apply, as Section 253E of the Corporations Act permits the responsible entity of a listed registered managed investment scheme and its associates to vote on a resolution to remove the responsible entity and choose a new responsible entity.

Unitholder approval

Resolution 2 must be approved by an ordinary resolution, which may be passed by the majority on a show of hands unless a poll is demanded. If a poll is demanded, the resolution will be passed on a poll if passed by at least 50% of the votes cast by Unitholders entitled to vote on the resolution. It is therefore critical that you register your vote to approve this resolution. On a poll, each Unitholder has one vote for each whole dollar of Unit value of the total interests that the Unitholder holds in the Fund.

Resolution 2 is independent from Resolution 1, but dependent on Resolution 3

Resolution 2 is independent from Resolution 1, but dependent on the approval of Resolution 3. Therefore whether Resolution 1 is passed or not will not have an impact on the outcome of Resolution 2. Conversely, whether Resolution 2 is passed or not will not have an impact on the outcome of Resolution 1.

The approval of Resolution 2 will only be effective if Resolution 3 is approved also. Conversely Resolution 3 can only be approved if Resolution 2 is approved.

However if Resolution 1 is not passed, and Resolution 2 and Resolution 3 are passed, MacarthurCook will be entitled to receive the Reimbursement Fee which would have the effect of reducing NTA per Unit by a further circa 2.8 cents.

Recommendation by ReCap

For the reasons outlined within this Section, ReCap urges you to:

Vote IN FAVOUR OF Resolution 2.

05 Explanatory Information Relating to Resolution 3

Resolution 3 – Appointment of Real Estate Capital Partners Managed Investments Limited as the new Responsible Entity of the Fund

5.1 How will ReCapMIL manage the Fund?

ReCapMIL is an established property fund manager that intends to implement strategies that aim to improve the performance of the Fund

Stabilise the Fund

ReCapMIL intends to adopt the following strategies aimed at stabilising the Fund and introduce more effective capital management strategies to strengthen the Fund's balance sheet and support a sustainable distribution program including:

Refinancing the Debt Facility

ReCapMIL intends to refinance the NAB debt with a revolving debt facility from ANZ Bank. Real Estate Capital Partners has received a commitment letter and indicative terms sheet (subject to formal credit approval) from ANZ Bank to refinance the portfolio of properties at an LVR of 50.0%. The offer is subject to a number of conditions, including completion of a rights issue, ANZ's satisfaction with the valuation and leases of the underlying properties, and ReCapMIL becoming the Responsible Entity of the Fund.

Undertaking a Rights Issue

ReCapMIL intends to raise additional equity by undertaking a rights issue for the Fund as soon as practicable after ReCapMIL is appointed as the Responsible Entity. Real Estate Capital Partners has received a letter from an underwriter, expressing interest in underwriting a rights issue subject to a number of conditions including undertaking satisfactory due diligence, market testing and ReCapMIL becoming the Responsible Entity of the Fund. ReCapMIL intends that the rights issue will be offered to all existing Unitholders in proportion to the Units that they hold, so as not to dilute their holding in the Fund should they take up their rights entitlements. ReCapMIL expects that further equity raisings beyond this initial rights issue would form part of an expansion strategy which would be offered to institutional investors as well as current Unitholders, and would relate to the acquisition of a portfolio of Australian industrial assets that would be accretive to the earnings of the Fund.

ReCapMIL expects that the rights issue and debt refinancing should occur by mid to end of November 2009.

In combination the rights issue and debt refinancing should strengthen the Fund's balance sheet and provide adequate working capital to undertake the required capital improvements and re-leasing of those properties requiring such attention within the portfolio. Most importantly, if the stabilisation of the Fund's balance sheet can be achieved, this will support a sustainable distribution program.

Undertake a Strategic Review of the Assets of the Fund

ReCapMIL will conduct a strategic review of the assets of the Fund which will aim to close the gap between the current Unit price and NTA per Unit. This may occur by:

Expansion of the Fund

ReCapMIL will consider the acquisition of additional Australian industrial properties to complement the existing portfolio, thereby increasing the size of the Fund. Real Estate Capital Partners is in discussions with several parties to acquire additional industrial properties to complement the existing portfolio, which would be accretive to the Fund's earnings.

Wind up of the Fund

In the event that ReCapMIL cannot execute its strategy to expand the Fund over a reasonable period of time, an alternate strategy is to divest some or all of the assets in an orderly way to return capital to Unitholders thereby allowing Unitholders to access the Fund's net tangible assets.

Please refer to the risks outlined in Section 5.5.

05 Explanatory Information Relating to Resolution 3 continued

5.2 ReCapMIL's Established Track Record

ReCapMIL has recent experience in successfully stabilising a listed trust as the new manager. In November 2008, ReCapMIL took over as the responsible entity of the ASX listed property trust now named Real Estate Capital Partners USA Property Trust (ARSN 114 494 503) (ASX: RCU). The trust faced various issues around the management of its assets and debt facility.

ReCap has made its mark as an active manager of RCU. The appointment of Cushman Wakefield and the introduction of an integrated accounting system has reduced costs and improved efficiencies at a property management and reporting level. The fund manager, Jason Bennett, has completed a comprehensive review of the assets of RCU and implemented a number of improvements and initiatives. At a trust level, nabCapital has also been appointed as an adviser to RCU. Collectively, substantial steps have been made in not only stabilising RCU and its balance sheet, but in positioning it as a platform for future growth.

ReCapMIL has committed to RCU unitholders to maintain sustainable distributions from operating cash flow and rebuild unitholder value over the medium term. Since becoming responsible entity of RCU, ReCapMIL has reduced the loan to value ratio on the CBA debt facility from 69% to 58% and re-set the currency hedge to the benefit of the Trust. These are good examples of the active management approach and funds management expertise that ReCapMIL brings to the trust.

For further information see www.recap.com.au/RCU.

5.3 Who is Real Estate Capital Partners?

Real Estate Capital Partners is the parent company of ReCapMIL, the licensed responsible entity. Real Estate Capital Partners is an Australian property fund manager that specialises in real estate based investments. Real Estate Capital Partners has extensive experience managing direct property and property securities funds. Real Estate Capital Partners has a diverse range of listed, unlisted and special purpose funds with a real estate rich focus. It currently operates five registered managed investment schemes which invest in direct real property, financial assets and derivatives. Real Estate Capital Partners has established the operating infrastructure required to administer the funds it operates, either through in-house capabilities or outsourcing arrangements. This includes all regulatory and compliance aspects for registered scheme operations with property-related assets.

Real Estate Capital Partners was formed in 2006. It is 50% owned by TASC Capital Pty Ltd, a family trust associated with Andrew Saunders (the Chief Executive Officer), and 50% owned by Mulpha Australia Limited, a successful property investor in Australia. The company's key shareholders have net assets of more than \$400 million.

Since its formation, Real Estate Capital Partners has grown significantly with more than \$500 million of assets under management and a growing reputation as a property specialist.

For further information on Real Estate Capital Partners, RCU, and the other funds managed by Real Estate Capital Partners, please visit: www.recap.com.au.

5.4 Key Executives of Real Estate Capital Partners

Andrew Saunders – Chief Executive Officer

Andrew Saunders founded specialist property investment and funds management group Real Estate Capital Partners in early 2006. He has more than 25 years experience working across the property, banking and structured finance industries in Sydney, London, Singapore and the US. Andrew has an established international contact network and considerable expertise in real estate financing, equity securitisation, cross border tax structuring, risk management and the building of funds management teams.

Andrew has had a key involvement in forming two ASX listed property trusts, Mariner America Property Income Trust and Macquarie Leisurewide Trust; securitising over \$1 billion of property, including the Sydney Opera House Car Park and the Park Hyatt, Sydney; and raising over \$300 million in unlisted property IPOs.

05 Explanatory Information Relating to Resolution 3 continued

Andrew has also been involved in the establishment of several business platforms including: Macquarie Property Asia, with offices in Singapore, Hong Kong and Seoul; and Mariner Property Partnerships, with assets under management of more than \$1 billion.

Prior to establishing Real Estate Capital Partners, Andrew spent five years working with Bill Ireland's Challenger Group and more recently Mariner Financial Services. Andrew was a Director of Challenger Property Capital Limited, where he oversaw unlisted property trust assets of \$420 million and made investments on behalf of Challenger's life company (\$2.8 billion in assets under management) including the establishment of its US portfolio.

Tamara Williams – Divisional Director, Funds Management

Tamara Williams has more than 17 years experience in the finance sector, specialising in property, property funds management, and specialised property. Tamara recently spent five years at Investec Bank (Australia) Limited as joint head of Property Private Equity where she established and managed two substantial property funds, the Toga Hospitality Fund, a fund that manages over \$300 million of assets, as well as the Investec Property Opportunity Fund. She also executed a number of high profile property transactions.

Prior to Investec Bank, Tamara ran her own consultancy, Capital Solutions Group, where she established the National Storage Property Trust with APN Funds Management Limited, a trust initially established with in excess of \$120 million of properties. Tamara has held a senior position with Westpac Institutional Bank where she established a number of property funds for distribution within the bank's retail network. Throughout her career Tamara has established and managed property funds with assets under management of over \$1 billion.

Tamara holds a Bachelor of Commerce and is a qualified chartered accountant.

Michael Jaeger – Divisional Director, Head of Distribution

Michael has extensive experience in the Australian retail distribution market, having worked across multiple asset classes with various fund managers including senior sales positions with Challenger Group and Next Financial Limited. Michael also has previous experience in financial planning, including a role with Ipac Securities. He holds a Bachelor of Business, a Graduate Diploma in Financial Planning and is currently completing a Master of Applied Finance.

Jason Bennett – Divisional Director, Funds Management

Jason is an experienced property consultant, with more than 17 years of commercial property experience and is a qualified valuer. Jason has owned and operated a number of large commercial and residential property agencies based in Sydney which have a nation wide client base, enabling him to gain experience in an extensive array of properties across Australia. Jason's background in asset and portfolio management combined with years of leasing and sales experience gives him a solid understanding of direct property assets. Jason's qualifications include a degree in Business with a major in Land Economics, and a Graduate Diploma in Applied Finance. He is also a licensed real estate agent.

Jaime Chan – Divisional Director, Funds Management

Jaime is an experienced investment analyst with direct property securities experience across the Australia, Singapore and Hong Kong markets. Jaime's skills also include fixed interest investments, where she managed a fixed interest and bank bill portfolio (portfolio construction and investment and trading decisions, portfolio attribution and reporting) totalling \$1 billion. Prior to joining Real Estate Capital Partners, Jaime was employed at Maple-Brown Abbott Limited and commenced her career at BT Funds Management. Jaime is a CPA and Chartered Financial Analyst (CFA).

5.5 Risks associated with the change of Responsible Entity

There are risks associated with changing the Responsible Entity of the Fund. ReCap cannot guarantee that the Fund will be able to achieve or maintain any particular level of performance. All investments including an investment in the Fund are subject to a range of risks, including general market risks and risks specific to the Fund's underlying assets.

05 Explanatory Information Relating to Resolution 3 continued

Other risks include:

- The loan facility to which the Fund is a party may contain provisions where the change in the Responsible Entity could constitute a default. This may result in NAB charging default interest and/or enforcing its security over the underlying assets. ReCap believes that this risk is mitigated by its intention to refinance the Debt Facility with ANZ Bank. However the ANZ facility is subject to a number of conditions which may not be satisfied. Similarly the interest payable by the Fund is fixed under a number of interest rate hedging contracts. The interest rate hedges will require review once ReCapMIL becomes the Responsible Entity, however any breaking of these hedging contracts may result in break costs being payable to NAB. Any other derivative contracts will also require review once ReCapMIL becomes the Responsible Entity.
- Based upon publicly available information a change in the Responsible Entity should not give rise to adverse consequences for the assets of the Fund as assets comprise freehold interests in land which are not subject to any co-ownership arrangements. In the event that the publicly available information does not disclose the manner in which the assets are held, the change in Responsible Entity could give rise to adverse consequences.
- There can be no guarantee that any particular level of performance of the Fund will be achieved once the Responsible Entity is changed or that strategies which ReCapMIL intends to adopt will achieve ReCapMIL's aims.
- General market risks associated with the Fund that are outside the control of ReCapMIL.

5.6 Is ReCapMIL qualified to manage the Fund?

ReCapMIL is qualified to act as Responsible Entity of the Fund and has applied to ASIC for an extension to its AFSL to allow it to be appointed as the Responsible Entity of the Fund. The application is currently underway however by the time of the Meeting ReCapMIL expects ASIC to have issued ReCapMIL with a draft varied AFSL naming the Fund on the licence. The final varied AFSL will then be issued once ASIC processes the form notifying them of the removal of MacarthurCook and the appointment of ReCapMIL as replacement Responsible Entity (assuming Resolution 2 and Resolution 3 are approved). Because the form advising ASIC of the change of Responsible Entity is lodged after the Meeting and therefore ReCapMIL's varied AFSL will not be issued in final form until after the Meeting, both Resolution 2 and Resolution 3 are subject to ReCapMIL's AFSL being varied.

You will see in Section 5.2 that ReCapMIL stepped in as the new responsible entity of another listed property trust in November 2008. That transaction also required ReCapMIL to seek a variation to name the trust on its AFSL. Such variations are common and ReCapMIL is confident the variation to its AFSL will be approved by ASIC before the Meeting.

5.7 How to Vote

ReCap strongly recommends that you vote IN FAVOUR OF Resolution 3 – to appoint Real Estate Capital Partners Managed Investments Limited as the new Responsible Entity of the Fund

Voting exclusions

No voting exclusions will apply, as Section 253E of the Corporations Act 2001 permits the responsible entity of a listed registered managed investment scheme and its associates to vote on a resolution to remove the responsible entity and choose a new responsible entity.

Unitholder approval

Resolution 3 must be approved by an ordinary resolution which may be passed by the majority on a show of hands unless a poll is demanded. If a poll is demanded, then the resolution will be passed on a poll if passed by at least 50% of the votes cast by Unitholders entitled to vote on the resolution. It is therefore critical that you register your vote to approve this resolution. On a poll, each Unitholder has one vote for each whole dollar of Unit value of the total interest that the Unitholder holds in the Fund.

05 Explanatory Information Relating to Resolution 3 continued

Resolution 3 is independent from Resolution 1, but dependent on Resolution 2.

Resolution 3 is independent from Resolution 1, but dependent on the approval of Resolution 2. Therefore whether Resolution 1 is passed will not have an impact on the outcome of Resolution 3. Conversely, whether Resolution 3 is passed will not have an impact on the outcome of Resolution 1.

Resolution 3 can only be approved if Resolution 2 is approved also. Conversely the approval of Resolution 2 will only be effective if Resolution 3 is approved also.

There is a risk however that if Resolution 1 is not passed, and Resolution 2 and Resolution 3 are passed, that the Reimbursement Fee would be payable to MacarthurCook which would have the effect of reducing NTA per Unit by a further 2.8 cents.

Recommendation by ReCap

ReCapMIL has the necessary expertise to restore Unitholder value to the Fund through the active management of the properties. ReCap believes that the Fund requires focus on the Australian industrial property market, and should not be confused by an Asian focus.

Vote IN FAVOUR OF Resolution 3.

5.8 Contact Details

For further information please contact Real Estate Capital Partners

Investor Services

1800 648 328

Michael Jaeger

Divisional Director, Head of Distribution

Telephone: 02 9222 8108

Mobile: 0437 377 344

Email: mjaeger@recap.com.au

Real Estate Capital Partners

Level 20, 55 Market Street

Sydney NSW 2000

GPO Box 4358

Sydney NSW 2001

Telephone: 02 9222 8100

Fax: 02 9223 8788

Email: enquiries@recap.com.au

Web: www.recap.com.au

06

Glossary

In this Explanatory Memorandum, the following terms and abbreviations have the following meaning unless the context otherwise requires:

Term	Meaning
\$	Australian dollars
AUD	Australian dollars
AFSL	Australian Financial Services Licence
ASIC	The Australian Securities and Investments Commission
ASX	The Australian Securities Exchange or ASX Limited ACN 008 624 691 as the context requires
Board	The board of Directors of the Responsible Entity
Computershare	Computershare Investor Services Pty Limited
Constitution	The constitution of the Fund as amended from time to time
Corporations Act	The Corporations Act 2001 (Cth)
Explanatory Memorandum	This Explanatory Memorandum which forms part of the Notice of Meeting
Fund	The MacarthurCook Industrial Property Fund ARSN 104 606 573, ASX code MIF
IPO	Initial public offering
MacarthurCook	MacarthurCook Fund Management Limited ACN 004 956 558, the current Responsible Entity of the Fund
Meeting	The meeting of Unitholders to be held as specified in the Notice of Meeting
MI-REIT	MacarthurCook Industrial REIT, a Singapore-based unit trust constituted on 5 December 2006 under the laws of the Republic of Singapore
NTA per Unit	Net tangible asset backing per Unit
Notice of Meeting	This Notice of Meeting
Proxy Form	The proxy form accompanying the Notice of Meeting
Real Estate Capital Partners	The parent entity of ReCapMIL, ReCap, and Real Estate Capital Partners Pty Limited ABN 34 117 145 347, or the corporate group, as the context requires
ReCapMIL	Real Estate Capital Partners Managed Investments Limited ABN 55 115 913 810, holder of AFSL 299074
ReCap	Real Estate Capital Partners (No.2) Pty Ltd ACN 124 684 475 as trustee of the EntRE MTrust
Reimbursement Fee	The fee that MacarthurCook may be entitled to under clause 19.4 of the Fund's Constitution on being replaced as the Responsible Entity of the Fund
Resolutions	The three resolutions set out in the Notice of Meeting and explained in this Explanatory Memorandum
Responsible Entity	The responsible entity of the Fund
SGD	Singapore dollars
Unitholder	A holder of Units
Unit(s)	Fully paid ordinary units on issue in the Fund

Vote in favour of all 3 Resolutions

Resolution 1

Vote to save fees



Resolution 2

Vote to remove
MacarthurCook



Resolution 3

Vote for an experienced
manager with a focused
growth strategy

