

Macquarie CountryWide Management Limited

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ASX/Media release

MACQUARIE COUNTRYWIDE QUARTERLY MARKET UPDATE



3 November 2008

Macquarie CountryWide Trust (ASX:MCW) today provided an update on its property portfolio performance, balance sheet position and asset disposal program.

Property portfolio fundamentals proving resilient

Despite slowing retail conditions, the Trust's properties continue to demonstrate sound underlying fundamentals, with occupancy of 96.7% down from 97.1% at 30 June 2008 and continuing positive rental rate growth for the three months to 30 September 2008.

For the three month period to 30 September 2008, more than 250 leasing transactions (new leases and renewals) were undertaken, with an average rental rate growth being 4.6%. Despite the recent interest rate falls, the Trust remains cautious on the outlook for consumer confidence and retail market conditions.

Balance sheet – gearing

The Trust's gearing ratio on a look through debt-to-total asset basis is 52.5%. This calculation is based on the unaudited September 2008 balance sheet (using the book value of assets as at 30 June 2008), adjusted for the sale of Seaford for A\$72 million which settled on 1 October 2008 and restated using today's exchange rates of A\$:US\$ 0.67 and A\$:EUR 0.52.

The Trust reconfirms it has no group level covenants on its bank debt facilities other than a 'Minimum Net Tangible Assets' covenant for one facility which is currently set at A\$1.8 billion and LVR covenants on six property specific facilities. Using restated balance sheet figures at 30 September 2008, the current net assets of the Trust are A\$2.6 billion.

Macquarie CountryWide Trust (MCW)

Macquarie CountryWide Management Limited (MCML) is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and MCML's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL provides a limited \$5 million guarantee to the Australian Securities and Investments Commission in respect of MCML's Corporations Act obligations as a responsible entity of managed investment schemes. Neither MBL nor any other Macquarie Group entity otherwise provides assurances in respect of the obligations of MCML.

The Trust confirms it is in full compliance with all covenants across its entire portfolio.

The underlying asset backing of the Trust's units has increased from \$1.79 at 30 June 2008 to approximately \$1.88 due to exchange rate movements.

Capital hedging policy changes

The Trust recently enhanced its capital hedging policy by reducing the hedging of offshore assets to between 60-100% of the gross value of assets.

As a result, since year end the Trust has entered into forward foreign exchange contracts, effectively offsetting a significant portion of its capital hedge book at spot exchange rates of circa 86c to 87c to the US\$. This has reduced hedging of offshore assets to 73% of the portfolio compared to 100% at 30 June 2008. In doing so, the Trust locked in a net gain of approximately A\$32 million on maturity of US\$598 million of equity cross currency swaps, eliminating the foreign exchange risk on settlement of these contracts. This transaction will maintain the positive cash flow of the interest rate differential until maturity or realisation.

The balance of the equity cross currency swaps were closed out crystallising a net A\$5.8 million gain.

Asset disposal progress

The Trust continues to sell selected assets in certain markets, with the proceeds being used to increase liquidity and reduce gearing. The Trust has been successful in this strategy disposing of more than A\$500 million of assets over the past three financial years and over A\$260 million in the past 12 months.

Currently, the Trust has entered into unconditional contracts to sell a further three assets in Australia for a gross sale price of A\$16.9 million. The price agreed reflects a weighted average initial yield of circa 7.5% - with all proceeds being used to retire Head Trust debt. Assets of A\$160 million have terms agreed with purchasers and are in exclusive due diligence, across both the Australian and United States portfolios.

The Trust is focused on reducing its exposure to the US and European markets and is progressing direct property or entity level transactions.

Chief Executive Officer, Steven Sewell, said: "We are focused on improving the Trust's debt and capital structure through capital management initiatives. The Trust has no debt maturing between now and September 2009 and we are proactively addressing the maturities that are scheduled for FY2010, well ahead of time."

Macquarie CountryWide Trust is a fully integrated listed property trust investing in retail properties with assets under management of A\$6.1 billion. More than A\$36 billion of real estate assets are managed globally by Macquarie Real Estate and its associates, across a portfolio of listed and unlisted property trusts, unlisted development funds and property investment syndicates.

Regency is a leading national owner, operator, and developer of grocery-anchored and community shopping centers in the US. At June 30, 2008, the Company owned 443 retail properties, including those held in co-investment partnerships. Including tenant-owned square footage, the portfolio encompassed 58.9 million square feet located in top markets throughout the United States. Operating as a fully integrated real estate company, Regency is a qualified real estate investment trust that is self-administered and self-managed.

For more information on recent announcements of Macquarie CountryWide Trust go to www.macquarie.com.au/mcw

For further information

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MCML does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating MCW which, in accordance with the MCW Constitution, are calculated by reference to the value of the assets and the performance of MCW. Entities within the Macquarie Bank Group may also receive fees for managing the assets of, and providing resources to MCW. For more detail on fees, see our latest annual report. To contact us, call 1300 365 585 (local call cost).

Past performance is not a reliable indicator of future performance.

Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of MCML. Actual results may vary from any forecasts and any variation may be materially positive or negative. All quoted figures are compared to the same period last year and currencies denominated in Australian currency unless otherwise stated.