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ASX/Media release

MACQUARIE COUNTRYWIDE ANNOUNCES FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

24 February 2009

Macquarie CountryWide Trust (ASX: MCW) today announced its results for the six months to 31 December 2008. The earnings recorded for the half year reflect the stable cash flows of quality grocery-anchor tenants and predominantly non-discretionary specialty stores within the Trust's global portfolio.

Key results:

- Net property income of A\$188.6¹ million up 10.4% on the prior corresponding period
- Core earnings of A\$90.7 million up 6.6% on the prior corresponding period
- Distribution of four cents per unit for the half year ended 31 December 2008
- Net tangible assets at A\$1.48 per unit down from A\$1.79 per unit as at 30 June 2008
- Seven asset sales, with a value of A\$120.5 million completed and a further A\$427.6 million contracted post balance date – all proceeds will be used to repay debt
- Trust interest cover ratio is 2.3 times

Macquarie CountryWide Trust Chief Executive Officer, Mr Steven Sewell said: "For several years the Trust has stated its strategy is to dispose of assets. In the 2008 calendar year we completed the sale of 17 assets across our Australian and US portfolios. These assets, worth

¹ Excludes straightlining of rental income and amortisation of lease incentives

A\$215.9 million, were sold in a difficult market. The funds have been used to strengthen our balance sheet and reduce gearing. Management will continue to selectively sell assets or interests in portfolios of assets, across all markets with the key objective of reducing gearing and eliminating medium term refinancing obligations.

“In addition, we remain focused on maintaining the Trust’s high occupancy levels and monitoring retail sales trends in a very challenging market,” Mr Sewell said.

Portfolio fundamentals demonstrate resilience

The Trust’s portfolio of 258 properties is predominantly anchored by market-leading grocery retailers with a weighted average lease expiry of approximately nine years. The Trust’s occupancy was down slightly to 96.3% from 97.1% at 30 June 2008 with same store property net operating income increasing globally by 1.4% during the period.

In Australia and New Zealand, continued strong sales performance of the grocery-anchor tenants and the quality of the portfolio resulted in 98.9% occupancy being maintained. In addition, the Trust achieved 11.8% rental growth for specialty tenants and same store property net operating income growth of 2.1%.

In the US, the Trust’s portfolio delivered same store property net operating income growth during the period of 1.0% and occupancy of 95.1%. The weighted average lease expiry for grocery-anchored assets is currently 8.9 years. The Trust’s core strategy of investing in centres located in above-average demographic areas, anchored predominantly by market-leading grocery, drug stores and non-discretionary specialty retailers in the US has enabled it to achieve average rental growth of 6.3% from 338 leasing transactions across the portfolio during the period.

In Europe, the seven property portfolio has continued to perform in line with expectations, with occupancy at 99.6% and strong rental growth continuing in Poland which was up 13.4% on the prior corresponding period.

Asset valuations

As previously announced, valuations were undertaken across all the Trust’s 258 properties, with 167 (57% of the portfolio by value) based upon external valuations. This resulted in a A\$600.8 million or 10.0% decrease to the overall book value for the six months to 31 December 2008, and a 7.5% weighted average capitalisation rate across all assets (a softening of 70 bps on 30 June 2008 revaluations and 110 bps from the peak in June 2007).

Active capital management

During the period, the Trust successfully executed a number of disposal transactions in Australia and the US. In all markets there has been an increase in private investor and syndicate interest in Macquarie CountryWide’s well located, grocery-anchored neighbourhood

shopping centres, consistent with the defensive non-discretionary nature of the retail operating cash flows.

Property sales for the half year totalled A\$127.1 million, comprising eight shopping centres and freestanding supermarkets in Australia (one property, Launceston completed post balance date). The properties sold at a weighted average initial yield of 7.4% and a 7.9% gain on historical cost.

In late January 2009, the Trust announced that it had entered into contracts with Inland Real Estate Acquisitions Inc., for the sale of the equity and debt interests of a portfolio of US shopping centre assets. The disposal of seven properties in the first phase of the transaction has settled and due diligence for phase two has since been largely completed for a reduced number of properties, to 15 down from 23. The contract for phase two remains conditional on receiving lender consent for the assumption of various individual property level loans, expected to be completed within 60 days. As previously indicated, all net proceeds from the sale will be used to reduce debt and position the Trust to meet its refinancing obligations in the second half of 2009.

At 31 December 2008, debt to total assets was 58.8%. This will reduce to approximately 56.3% following completion of the portfolio sale detailed above. Importantly, the Trust remains within all covenants and no market capitalisation covenants exist. At balance date, the Trust has cash and undrawn facilities totalling A\$131 million.

During the six months to 31 December 2008, management successfully renegotiated terms on the Trust's Head Trust Multi-Currency Facility with its sole principal lender in Australia. The key terms delivered included; extending the term to February 2012, confirming the limit at A\$250 million and reducing the only remaining Head Trust covenant (the net tangible assets limit) from \$1.8 billion to \$1.5 billion. Given actual net assets of A\$2.05 billion, a substantial buffer currently exists.

Outlook

Looking forward, the operating environment globally is expected to become increasingly challenging for retail property and in debt and capital markets. In this difficult environment management is committed to working to restore unitholder confidence and value by:

- Delivering on the strategy of selective asset or entity level disposals across all markets, using all proceeds to retire debt and de-leverage the Trust's balance sheet;
- Taking decisive actions to mitigate refinancing risk in the near to medium term;
- Maintaining strong cashflow results from the Trust's portfolio of properties, sustaining occupancy as well as positive rental rate and net operating income growth levels; and

- Rebalancing the Trust's geographic weighting towards its quality Australian portfolio of neighbourhood and small sub-regional centres, while undertaking transactions to reduce exposure to offshore markets.

“Our focus is on sustaining the performance of the property portfolio in the face of softening economic conditions through the experience of our asset management teams, material strengthening of the Trust's balance sheet and proactive debt refinancing in all markets,” said Mr Sewell.

Macquarie CountryWide Trust is a fully integrated listed property trust investing in retail properties with assets under management of A\$5.6 billion. As at 31 December 2008, more than A\$37 billion of real estate assets are managed globally by Macquarie Group and its associates, across a portfolio of listed and unlisted property trusts, unlisted development funds and property investment syndicates.

Regency is the leading national owner, operator, and developer of grocery-anchored and community shopping centers. At December 31, 2008, the Company owned 440 retail properties, including those held in co-investment partnerships. Including tenant-owned square footage, the portfolio encompassed 59.1 million square feet located in top markets throughout the United States. Since 2000 Regency has developed 195 shopping centers, including those currently in-process, representing an investment at completion of nearly \$3.0 billion. Operating as a fully integrated real estate company, Regency is a qualified real estate investment trust that is self-administered and self-managed

For further information please contact 1300 365 585 or reits@macquarie.com

Key Trust Data

	Half year ended 31 December 2008
Operational	
No. of properties	258
Average capitalisation rate	7.5%
Occupancy	96.3%
Same store NOI growth	1.4%
Financial	
Core earnings	A\$90.7m
Core earnings per unit	6.59 cpu
Distributions per unit	4.00 cpu
	As at 31 December 2008
Total assets (Look-through)	A\$5,647.4m
Total debt (Look-through)	A\$3,321.3m
Trust gearing (Debt: Total Assets)	58.8%
Interest cover ratio	2.3x
Net Tangible Assets per unit (including deferred tax liabilities)	A\$1.48
Units on issue	1,386.1m

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.