

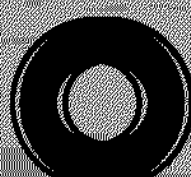
MACARTHUR COOK

PROPERTY SECURITIES FUND

PRODUCT DISCLOSURE STATEMENT

A NON-RENOUNCEABLE RIGHTS OFFER TO ELIGIBLE UNITHOLDERS OF 35.18 MILLION NEW UNITS
ON A 1 FOR 2 BASIS AND PUBLIC OFFER OF UP TO 15 MILLION NEW UNITS
AT THE ISSUE PRICE OF \$1.03 PER NEW UNIT

Lead Manager and Underwriter



MACQUARIE



IMPORTANT NOTICE

Responsible Entity

MacarthurCook Fund Management Limited ("MacarthurCook" and "Responsible Entity") (ABN 79 004 956 558) is the responsible entity of the MacarthurCook Property Securities Fund (ARSN 111 442 150) (the "Fund") and the issuer of the New Units offered under this Product Disclosure Statement ("PDS"). The Responsible Entity is solely responsible for this PDS. The Responsible Entity's Australian Financial Services Licence ("AFSL") number is 258052.

Important information

This PDS is dated 8 August 2005. A copy of this PDS has been lodged with the Australian Securities and Investments Commission ("ASIC"). ASIC and Australian Stock Exchange Limited ("ASX") take no responsibility for the content of this PDS.

This is an important document. Investors should only rely on the information in this PDS. If you have received this PDS electronically, then a paper copy of this PDS may be obtained free of charge on request by telephoning MacarthurCook on 1300 655 197.

No person is authorised to provide any information or to make any representation in connection with the Offer described in this PDS which is not contained in this PDS. Any information or representation not so contained may not be relied on as having been authorised by MacarthurCook.

Some words used in this PDS (generally commencing with a capital letter) have defined meanings and appear in Section 12 of this PDS. Throughout this PDS, the terms "MacarthurCook" and "Responsible Entity" are used interchangeably, as the context requires. All financial amounts contained in this PDS are expressed in Australian currency and are GST exclusive unless otherwise stated.

In the event that there is any material adverse change to the information contained in this PDS, then in accordance with the Corporations Act, the Responsible Entity will issue a supplementary PDS. However, if the change will not be materially adverse to the Offer, a supplementary PDS may not be issued.

PDS availability

This PDS will be issued in paper form and also as an electronic Product Disclosure Statement ("Electronic PDS"). The Electronic PDS is available at www.macarthurcook.com.au. A printed copy of this PDS may be obtained free of charge by calling 1300 655 197. The offer of New Units pursuant to this PDS is available only to persons receiving a PDS (including an Electronic PDS), together with the accompanying Application Forms, within Australia. There is no facility for Application Forms to be submitted electronically.

If you receive a copy of this document, you should ensure that the complete Application Forms and PDS have been received. The Corporations Act prohibits any persons from passing the Application Forms onto another person unless they are attached to a hard copy of this PDS. If you are unsure about the completeness of this PDS, you should contact MacarthurCook. Applications for New Units can only be submitted on original Application Forms attached to and forming part of, or accompanying, this PDS.

If you are an Eligible Unitholder, you should also note that Entitlement and Acceptance Forms will not be reproduced in electronic form, and the Responsible Entity requires the original, personalised form in order to process the issue of the New Units under the Rights Offer. Please see Section 3 for more information on the choices available to you as an Eligible Unitholder.

Distribution of PDS

The distribution of this PDS in a jurisdiction outside Australia may be restricted by law, and persons who come into possession of it should seek legal advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable law. This PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Units or the Offer or otherwise to permit an offering of the New Units in any jurisdiction outside Australia. Persons holding copies of this PDS who are not in Australia should familiarise themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable law.

Exposure Period

The Corporations Act prohibits the Responsible Entity from issuing New Units until after the Exposure Period, which is the seven day period after the date of lodgement of this PDS with ASIC (and which may be extended by ASIC by up to a further seven days). This PDS will be made available on MacarthurCook's website at www.macarthurcook.com.au, and a paper copy will be provided free of charge to any person who requests a copy by contacting the Registry or MacarthurCook during the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

Disclaimers

An investment in the Fund does not represent an investment or liability of MacarthurCook or any related body corporate, and is subject to investment risk including loss of capital or income re-invested. Neither MacarthurCook nor any related body corporate guarantees the performance or success of the Fund, payment of distributions or repayment of your investment. Past performance of the Fund is no guarantee as to future performance.

This PDS does not take into account the investment objectives, financial situation and particular needs of each Unitholder. Accordingly, before you invest in New Units pursuant to this Offer you should carefully read this PDS in full. We also recommend that before making a decision to invest in New Units you consult a financial adviser or other professional adviser.

As Custodian, Sandhurst's role is limited to holding assets of the Fund as agent of MacarthurCook. Sandhurst has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. Sandhurst has no liability or responsibility to you for any act done or omission made in accordance with the terms of its agreement with MacarthurCook.

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SUMMARY OF KEY DATES

Lodgement of PDS with ASIC	8 August 2005
Record Date for determining Entitlements under the Rights Offer	16 August 2005
Offer opens	22 August 2005
Closing time and date for receipt of Application Forms and payment in full	5.00pm (Melbourne time) 19 September 2005
Allotment of New Units under the Offer	26 September 2005
Despatch of Unitholder statements for New Units	29 September 2005
Trading expected to commence for New Units on the ASX	30 September 2005

These dates are indicative only and are subject to change. The Responsible Entity has the right, in consultation with the Lead Manager and Underwriter, to amend any or all of these dates and times subject to compliance with the Corporations Act and the Listing Rules. In particular, the Responsible Entity reserves the right to extend the Offer, to accept late Applications (either generally or in particular cases), or to withdraw the Offer without prior notice. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens.



MACARTHURCOOK PROPERTY SECURITIES FUND OFFERS THE OPPORTUNITY

TO INVEST IN A
DIVERSIFIED PROPERTY
SECURITIES FUND,
INVESTED ACROSS A RANGE OF UNLISTED
AND LISTED PROPERTY TRUSTS,
ACCESSING THE SKILLS OF MACARTHURCOOK
AND OTHER LEADING PROPERTY
INVESTMENT MANAGERS

MACARTHURCOOK IS AN
INDEPENDENT
AND HIGHLY FOCUSED
FUND MANAGER SPECIALISING
IN THE MANAGEMENT OF DIRECT PROPERTY,
PROPERTY SECURITIES AND MORTGAGE ASSETS

KEY OFFER STATISTICS

Offer Overview

Issue Price per New Unit for the Offer	\$1.03
Rights Offer Entitlement	1 New Unit for every 2 Existing Units held by Eligible Unitholders on the Record Date
New Units offered under the Rights Offer	35,184,850 ¹
Amount to be raised under the Rights Offer	\$36.24 million
New Units offered under the Public Offer	15,000,000
Maximum amount to be raised under the Public Offer	\$15.45 million
Maximum amount to be raised under the Offer	\$51.69 million
Maximum number of New Units to be issued	50.18 million
Ranking of New Units	New Units will rank equally with Existing Units in all respects from the Allotment Date ²

1 In this PDS, all references to New Units and the amounts to be raised under the Offers are rounded to two decimal places (eg. 35.18 million New Units under the Rights Offer).

2 New Units will not be entitled to participate in the distribution for the quarter ending 30 September 2005.

Financial Overview

	To 30 June 2006 ¹
Forecast distribution per New Unit (cents)	7.13
Annualised forecast distribution yield per New Unit	9.22%
Forecast tax advantaged component of Fund distributions	75%
	For the half-year ending 31 December 2006
Forecast distribution per New Unit (cents)	4.75
Annualised forecast distribution yield per New Unit	9.22%
Forecast tax advantaged component of Fund distributions	75%
Proforma net tangible asset backing per Unit²	\$0.96

1 Period from commencement of trading of New Units to 30 June 2006.

2 Please refer to Section 7.4 for full assumptions adopted in calculating the net tangible asset backing per Unit.

RICHARD
HADDOCK

Independent
Non-executive
Chairman

PHILLIP
ANDERSON

Independent
Non-executive
Director

CRAIG
DUNSTAN

Managing
Director &
Chief Investment
Officer

HUGH
GURNER

Non-executive
Director





Dear Investor,

On behalf of the Board of Directors of MacarthurCook Fund Management Limited ("MacarthurCook"), I am pleased to present this opportunity to participate in a capital raising for the MacarthurCook Property Securities Fund (the "Fund"). The capital raising has two components - a 1 for 2 non-renounceable Rights Offer to existing Eligible Unitholders and a Public Offer.

The Rights Offer will raise \$36.24 million through the issue of 35.18 million New Units at an Issue Price of \$1.03 per New Unit. The Fund is also inviting applications under the Public Offer of up to an additional 15 million New Units at the Issue Price of \$1.03 per New Unit to raise up to \$15.45 million. The Rights Offer is fully underwritten by Macquarie Equity Capital Markets Limited.

The Fund is a diversified property securities fund that owns interests in a range of listed and unlisted property trusts, and was established with the aim of providing investors with a diversified property-based investment offering a stable level of income and the opportunity for long term capital growth. The Fund listed on the ASX on 17 December 2004 after raising \$70 million at \$1.00 per Unit. Since listing, the Fund's Unit price has increased by 10% to \$1.10 as at 30 June 2005, outperforming the S&P/ASX 200 Property Trust Accumulation Index by 10.3% over this period.

The Offer Proceeds will be used to retire existing debt of \$27.3 million and make further investments in Unlisted Property Trusts and Listed Property Trusts (as outlined in Section 2.5).

The Issue Price per New Unit of \$1.03 reflects a 5.5% discount to the adjusted volume weighted average price of Units traded on the ASX over the 10 Business Days prior to the date of announcement of the Offer. New Units will not be entitled to participate in the distribution for the quarter ending 30 September 2005, but will otherwise rank equally with Existing Units from the Allotment Date and are forecast to receive an annualised yield on the Issue Price of 9.22% for the Forecast Period.

The information contained in this PDS is important. Please read it carefully in its entirety before deciding to invest in New Units. If you have any questions in respect of the Offer, please call MacarthurCook on 1300 655 197 or contact your professional adviser.

It is important to note that the Offer closes at 5.00 pm (Melbourne time) on 19 September 2005.

The Offer represents another important milestone in the development of the Fund and, together with my fellow directors, I commend the Offer to you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R. Haddock'.

Richard Haddock

Chairman

MacarthurCook Fund Management Limited

1. QUESTIONS AND ANSWERS

Outlined below are some important questions and answers relevant to the Offer. For detailed information, please refer to the Sections listed on the right.

Topic	Summary	Where to find more information
What is the Offer?	• A 1 for 2 non-renounceable Rights Offer to Eligible Unitholders raising \$36.24 million. • A Public Offer of New Units raising up to \$15.45 million. • The Issue Price for the Offer is \$1.03 per New Unit.	Section 2
What are the key dates of the Offer?	• The Offer opens on 22 August 2005. • The Offer closes at 5.00 pm (Melbourne time) on 19 September 2005. • The New Units are expected to commence trading on the ASX on 30 September 2005.	Summary of Key Dates
What is the Rights Offer and who is eligible to participate?	• The Rights Offer is the offer of 1 New Unit for every 2 Existing Units held at the Record Date to raise \$36.24 million. • The Rights Offer is non-renounceable which means that Entitlements are not transferable and cannot be sold. • Eligible Unitholders are those Unitholders with a registered address in Australia or New Zealand as at 5.00 pm (Melbourne time) on the Record Date, being 16 August 2005.	Section 2.2
As an Eligible Unitholder, what are my alternatives?	• You may accept the Rights Offer in respect of all, some or none of your Rights. You will be issued 1 New Unit for each Right that you validly exercise. • If you do not accept the Rights Offer in respect of all of your Rights, your unexercised Rights will lapse and your pro-rata interest in the Fund will be diluted. • You may accept the Rights Offer in respect of all or some of your Rights by 19 September 2005 by completing your personalised Entitlement and Acceptance Form. Applicants who correctly apply for New Units by this date are expected to have their New Units allotted on 26 September 2005 and are expected to be able to trade those New Units on the ASX from 30 September 2005.	Section 3.1
Can I apply for more than my Entitlement?	• Yes, you can apply for more than your Entitlement, by following the steps outlined in Section 3.1. • Any amount by which your Application exceeds your Entitlement may be scaled back, at the discretion of the Lead Manager and Underwriter in consultation with the Responsible Entity.	Section 3.1
What is the Public Offer?	• The Public Offer of New Units consists of: 1. The General Offer – an offer open to Australian resident investors; and 2. The Broker Offer – an offer open to Australian residents who have received a firm allocation from a broker to the Public Offer or the Lead Manager and Underwriter. • Up to \$15.45 million will be raised via the Public Offer. • The New Units under the Public Offer will be offered at the same Issue Price as the New Units to be issued under the Rights Offer, being \$1.03 per New Unit.	Section 2.3
How do I invest in the Public Offer?	• By completing and lodging the Public Offer Application Form attached to this PDS or by downloading, completing and lodging the Public Offer Application Form attached to the Electronic PDS. • The Responsible Entity, in consultation with the Lead Manager and Underwriter, reserves the right to reject any Application made in respect of the Public Offer.	Section 3.2
What is the purpose of the Offer?	• To enable the Fund to: • Retire existing debt of \$27.3 million; • Make further investments in Unlisted Property Trusts (as outlined in Section 11); and • Make further investments in Listed Property Trusts (as outlined in Section 4.12).	Section 2.4
What does the Fund invest in?	• In order to provide investors access to a broad range of property investment vehicles, the Fund invests in: • Unlisted Property Trusts; • Unlisted Wholesale Direct Property Funds; and • Listed Property Trusts (and property-related groups). • The Fund also invests in cash and fixed interest securities from time to time.	Section 4.2

Topic	Summary	Where to find more information
What are the key features of the Fund?	* Forecast annual distribution of 9.5 cents per Unit, reflecting an annualised yield of 9.22% on the Issue Price, for the Forecast Period. * Forecast tax advantaged component on distributions of 75% for the Forecast Period. * Distributions paid quarterly. * Ability to trade your Units (including New Units) on the ASX. * An underlying investment portfolio that offers; * Diversification of portfolio by geography, asset type, manager and tenant; * A strong investment analysis and due diligence process on acquisitions; * Access to leading property managers; * Access to a broad range of unlisted and listed property securities; and * Access to additional income generated from Placement Fees on future investments.	Sections 4 and 7
What is the objective of the Fund?	* To provide investors with regular income paid quarterly and the potential for long term capital growth from investing in a diversified portfolio of unlisted and listed property securities.	Section 4.1
What are the key features and terms of the Offer?	* An Issue Price of \$1.03 per New Unit, representing a 5.5% discount to the adjusted volume weighted average price of Units traded on the ASX over the 10 Business Days prior to the date of announcement of the Offer. * A forecast annual distribution of 9.5 cents per New Unit, reflecting an annualised yield of 9.22% on the Issue Price, for the Forecast Period. * New Units will not be entitled to participate in the distribution for the quarter ending 30 September 2005, but will otherwise rank equally with Existing Units from the Allotment Date.	Section 2
What are the significant benefits of the Offer to the Fund?	* The Offer is anticipated to provide the following benefits to the Fund: * Reduced borrowing risk via the repayment of the Fund's debt facility; * Increased Fund size, with the ability to achieve greater diversification in the number of Fund investments; * Greater exposure and investor interest in the Fund, and potential expansion of the investor base through the Public Offer; * Increased Fund market capitalisation which may in turn improve the liquidity of trading in the Units; and * Restored debt funding capacity, enabling the Fund to strategically pursue further investment opportunities as they arise.	Chairman's letter
By investing in the Fund through the Public Offer what will I own?	* You will own units in a unit trust that predominantly holds investments in Unlisted Property Trusts and Listed Property Trusts.	Section 4
What are the risks of investing in the Fund?	* The Fund's Unit price on the ASX may fall as well as rise and may trade below the net tangible asset backing per Unit. * Factors outside the control of the Responsible Entity may have an effect on the value of the Fund's underlying investments, its net income, distributions paid, and the ability to meet the projections in this PDS. * Distributions on Units are not guaranteed. * Distributions from the Fund, and the tax advantaged component of these distributions, may be affected by changes in Australian taxation law.	Section 6
What are the significant tax considerations of the Offer?	* Investors may be subject to tax on distributions from the Fund. * To the extent that distributions are tax advantaged, a portion of any Australian tax payable may be deferred. * For more detailed information regarding the tax implications of the Offer, please refer to Section 9.	Sections 4.17 and 9

1. QUESTIONS AND ANSWERS

Topic	Summary	Where to find more information
What is the impact of the Offer on the Fund's borrowings?	• After completion of the Offer, all borrowings will be repaid in full. • The Responsible Entity has the ability to borrow up to 30% of the total tangible assets of the Fund. The Responsible Entity intends that any borrowings would be short term in nature to take advantage of new investment opportunities.	Section 4.16
What are the significant fees and expenses payable by the Fund?	<i>Management fee</i> • The Responsible Entity is entitled to an annual base management fee of 0.45% pa (plus GST) of the Fund Value. • The Responsible Entity's current expectations are that the Management Expense Ratio of the Fund, on an annualised basis, will not exceed 0.65% pa of the Fund Value (exclusive of GST and any Performance fee) for the year to 30 June 2006. This includes the "Other expenses" of 0.20% pa referred to below. <i>Performance fee</i> • The Responsible Entity is entitled to an additional fee, called a Performance Fee, equivalent to 20% of the Fund's outperformance of the Benchmark (calculated annually). Any previous underperformance must be recovered before the Performance Fee becomes payable and the Performance Fee is subject to a cap. <i>Other expenses</i> • Other expenses of the Fund are not expected to exceed 0.20% pa (exclusive of GST) of the Fund Value. • Please refer to Section 10 for a full explanation of the fees and expenses associated with the Offer and the ongoing operation of the Fund.	Section 10
Is there any commission payable to financial advisers?	• Yes, a handling fee of 1.5% (inclusive of GST) of the total amount paid by Applicants for New Units received under an Application may be paid by the Fund to stockbrokers and appropriately licensed financial advisers up to a maximum of \$2,000 per Application.	Section 2.12
Is there a dispute resolution procedure to address Unitholder complaints?	• Yes, the Responsible Entity provides a complaints handling and dispute resolution process for Unitholders and is a member of an external complaints resolution body.	Section 5.6
Is there a cooling-off period?	• No, there is no cooling-off period for investors.	Section 11.9
Does the Responsible Entity take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments?	• Whilst the Responsible Entity intends to conduct its affairs in an ethical and sound manner, its investment criteria do not include giving additional weight to labour standards or environmental, social or ethical considerations when making or realising an investment of the Fund.	Section 11.8
How can further information be obtained?	• By reading this PDS in its entirety. • By speaking to your stockbroker, financial planner, accountant or other professional adviser. • By calling MacarthurCook on 1300 655 197.	Section 2.13
Where can I find further contact details?	• Further contact details are set out in the Corporate Directory at the back of this PDS.	Inside Back Cover

2. KEY FEATURES OF THE OFFER



2. KEY FEATURES OF THE OFFER

2.1 OVERVIEW OF THE OFFER

Under the Offer, the Responsible Entity will offer for subscription up to 50.18 million New Units at the Issue Price of \$1.03 per New Unit to raise up to \$51.69 million. The Offer has two components:

- * A Rights Offer to Eligible Unitholders in the Fund; and
- * A Public Offer to Australian residents.

The minimum amount to be raised under the Rights Offer is \$36.24 million which is underwritten by Macquarie Equity Capital Markets Limited. The Public Offer will raise up to an additional \$15.45 million and is not underwritten. There is no minimum subscription in respect of the Public Offer.

This overview is a summary only and should be read in conjunction with the remainder of this PDS.

2.2 RIGHTS OFFER TO ELIGIBLE UNITHOLDERS

Under the Rights Offer, the Responsible Entity proposes to issue 35.18 million New Units at the Issue Price of \$1.03 per New Unit to raise \$36.24 million. The Responsible Entity is offering Eligible Unitholders the opportunity to subscribe for 1 New Unit for every 2 Existing Units held at the Record Date. Eligible Unitholders are Unitholders at 5.00 pm (Melbourne time) on 16 August 2005 whose registered address is in Australia or New Zealand. The Rights Offer is not extended to Unitholders whose address is outside Australia or New Zealand. The number of New Units for which Eligible Unitholders are entitled to subscribe is shown on the personalised Entitlement and Acceptance Form which accompanies this PDS. Eligible Unitholders should read Section 3.1 of this PDS in detail, as it sets out their options for participating in the Rights Offer.

In calculating Entitlements, fractional entitlements to New Units have been rounded down to the nearest whole number of New Units. The actual number of New Units available under the Rights Offer will be adjusted to reflect the rounding of Entitlements.

The Rights Offer is non-renounceable, which means that Entitlements of Eligible Unitholders cannot be transferred or sold. Eligible Unitholders who do not exercise all of their Rights, and Ineligible Unitholders, will incur a reduction in their percentage ownership in the Fund assuming the Rights Offer proceeds.

2.3 PUBLIC OFFER

Under the Public Offer the Responsible Entity proposes to offer for subscription an additional 15 million New Units at the Issue Price of \$1.03 per New Unit to raise up to an additional \$15.45 million. The Public Offer consists of:

- * A General Offer to Australian resident investors; and
- * A Broker Offer to Australian resident investors who have received a firm allocation from a broker to the Public Offer or the Lead Manager and Underwriter.

It is the Responsible Entity's intention, in consultation with the Lead Manager and Underwriter, that any Shortfall Units may be offered to investors applying under the Public Offer. Australian resident investors who wish to apply for New Units should follow the instructions in Section 3.2.

The allotment of New Units under the Public Offer will take place after, and is conditional upon, the allotment of New Units under the Rights Offer.

2.4 PURPOSE OF THE OFFER

The proceeds of the Offer (after deducting all associated costs) will be used to:

- * retire existing debt of \$27.3 million;
- * make further investments in Unlisted Property Trusts (as outlined in Section 11); and
- * make further investments in Listed Property Trusts (as outlined in Section 4.12).

2.5 SOURCES AND APPLICATION OF FUNDS

The sources and application of funds will depend on the final Offer Proceeds. For simplicity, two scenarios are presented:

- * Offer Proceeds of \$36.24 million, representing the underwritten component of the Offer, being the Rights Offer ("Minimum Offer Proceeds"); and
- * Offer Proceeds of \$51.69 million, representing \$36.24 million being raised under the Rights Offer and \$15.45 million under the Public Offer ("Maximum Offer Proceeds").

It is important to note that the Offer Proceeds may be between the Minimum Offer Proceeds and the Maximum Offer Proceeds.

The table below sets out the sources and application of funds based on receipt of the Minimum Offer Proceeds and Maximum Offer Proceeds.

Sources of funds	Minimum Offer Proceeds (\$ million)	Maximum Offer Proceeds (\$ million)
Proceeds from Rights Offer	36.24	36.24
Proceeds from Public Offer	–	15.45
Total sources of funds	36.24	51.69
Application of funds		
Repayment of existing borrowings	27.30	27.30
Committed Investments	4.50	4.50
Investments in Listed Property Trusts	1.98	16.81
Costs of the Offer	2.46	3.08
Total application of funds	36.24	51.69

2.6 NEW UNITS

New Units issued under this PDS will be fully paid. The New Units will trade as the same class of securities on the ASX as Existing Units. New Units will not be entitled to participate in the distribution for the quarter ending 30 September 2005, but will otherwise rank equally with Existing Units from the Allotment Date.

2.7 VOTING RIGHTS ATTACHING TO NEW UNITS

Each New Unit confers the right to vote at meetings of Unitholders, subject to any voting restrictions imposed on a Unitholder under the Corporations Act and/or the Listing Rules. On a show of hands, every Unitholder present in person or by proxy has one vote. On a poll, every Unitholder who is present in person or by proxy has one vote for each dollar of value of their Units held.



2. KEY FEATURES OF THE OFFER

2.8 OVERSEAS INVESTORS

This PDS and the accompanying Application Forms do not constitute an offer or invitation to subscribe for New Units in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this PDS. It is the responsibility of any Applicant to ensure compliance with the laws of any country (outside Australia) relevant to their Application.

The distribution of this PDS and/or the Application Forms in jurisdictions outside Australia may be restricted by law and persons who come into possession of them should seek advice on and observe any such restrictions. Without limitation, neither this PDS nor the accompanying Application Forms may be sent to investors outside Australia or otherwise distributed outside Australia (other than to Eligible Unitholders).

Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

2.9 TAXATION IMPLICATIONS

The taxation implications of the Offer are explained in Section 9 and should be carefully considered by all potential investors. Investors are advised to seek their own taxation advice before electing whether or not to participate in the Offer.

2.10 UNDERWRITING

Macquarie Equity Capital Markets Limited has entered into an underwriting agreement with the Responsible Entity in relation to the Offer on the terms of the Underwriting Agreement dated 8 August 2005. Pursuant to the Underwriting Agreement, the Lead Manager and Underwriter underwrites the subscription of 35.18 million New Units under the Rights Offer.

2.11 WITHDRAWAL

The Responsible Entity reserves the right, subject to any required regulatory approval, to withdraw this PDS and the Offer at any time, in which case Application Monies will be refunded (without interest) in accordance with the Corporations Act.

2.12 HANDLING FEE

A handling fee of 1.5% (inclusive of GST) of the total amount paid by Applicants for New Units received under an Application may be paid by the Fund to stockbrokers and appropriately licensed financial advisers (including entities within the Macquarie Bank group), up to a maximum of \$2,000 per Application on receipt of Application Forms bearing an adviser/broker stamp. If an individual Application is on behalf of more than one beneficial holder, a list of beneficial holders must be provided in order to receive up to a maximum of \$2,000 per beneficial holder. The Responsible Entity and the Lead Manager and Underwriter reserve the right to request additional information regarding any Application to satisfy themselves that it qualifies to receive a handling fee.

2.13 UNITHOLDER ENQUIRIES

This document is important and requires your urgent attention. It should be read in its entirety. If you are in any doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

Questions relating to the Offer, or any aspect of your individual Holding in the Fund, should be directed to the Registry on 1300 132 104, MacarthurCook on 1300 655 197 or your accountant, stockbroker, lawyer or other professional adviser.

3. HOW TO PARTICIPATE IN THE OFFER





3. HOW TO PARTICIPATE IN THE OFFER

3.1 RIGHTS OFFER TO ELIGIBLE UNITHOLDERS

All Eligible Unitholders are entitled to participate in the Rights Offer and to receive New Units up to their Entitlement.

Eligible Unitholders (except those resident in New Zealand) may apply for more than their Entitlement pursuant to this PDS. Any amount by which an Application exceeds an Eligible Unitholder's Entitlement may be scaled back. Consequently, Eligible Unitholders are not assured of receiving any New Units applied for in excess of their Entitlement.

Set out below are the ways in which Eligible Unitholders may participate in the Offer, and the steps that must be taken for them to do so:

If you wish to take up your Entitlement in full or in part, or apply for more than your Entitlement

Complete the accompanying personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form, nominate the number of New Units you wish to apply for and provide payment in full of \$1.03 per New Unit. Photocopies of the form will not be accepted.

If you believe that you are an Eligible Unitholder and have not received a personalised Entitlement and Acceptance Form, please call the Registry on 1300 132 104. Eligible Unitholders resident in New Zealand who have questions regarding the Rights Offer should contact the Registry on +61 3 9415 4017.

You should then forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the Application Monies, to either of the following addresses:

Postal address:

Computershare Investor Services Pty Limited
MacarthurCook Property Securities Fund
Rights Offer
GPO Box 52
Melbourne VIC 8060

Hand delivery:

Computershare Investor Services Pty Limited
MacarthurCook Property Securities Fund
Rights Offer
Yarra Falls 452 Johnston Street
Abbotsford VIC 3067

by **no later than 5.00 pm (Melbourne time) on 19 September 2005.**

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at MacarthurCook's registered office. A reply paid envelope has been provided for the convenience of Eligible Unitholders. If mailed in Australia, no postage stamp is required.

If you do nothing

If you:

- * decide not to take up some or all of your Entitlement during the Offer Period; or
- * do nothing,

then any Entitlement that you do not take up will lapse and your pro-rata interest in the Fund will be diluted. As the Rights Offer is non-renounceable, your Entitlement cannot be transferred or on-sold.

3.2 PUBLIC OFFER

Australian resident investors may apply for New Units under the Public Offer. To apply for New Units, complete the accompanying Public Offer Application Form in accordance with the instructions set out on that form, nominate the number of New Units you wish to apply for and provide payment in full of \$1.03 per New Unit. Please note that Applications may be accepted at the Responsible Entity's discretion and no Applicant is assured of receiving any New Units.

Applications under the General Offer will only be satisfied to the extent that New Units are not subscribed for under the Broker Offer by Applicants who receive firm allocations, or to the extent that Shortfall Units are not allocated to investors applying under the Public Offer.

Applications under the Public Offer must be for a minimum of 2,000 New Units. Applications for more than 2,000 New Units must be in multiples of 100 New Units.

You should then forward the completed Public Offer Application Form, together with your cheque or bank draft for the Application Monies, to either of the following addresses:

Postal address:

Computershare Investor Services Pty Limited
MacarthurCook Property Securities Fund
Rights Issue
GPO Box 52
Melbourne VIC 8060

Hand delivery:

Computershare Investor Services Pty Limited
MacarthurCook Property Securities Fund
Rights Issue
Yarra Falls 452 Johnston Street
Abbotsford VIC 3067

by **no later than 5.00 pm (Melbourne time) on 19 September 2005.**

Completed Public Offer Application Forms will not be accepted at MacarthurCook's registered office.

Electronic PDS

A copy of this PDS may be viewed online at MacarthurCook's website (www.macarthurcook.com.au) during the Offer Period. The Offer constituted by this PDS in electronic form is available only to persons receiving this PDS in electronic form within Australia. Investors who receive a copy of this PDS in electronic form are entitled to obtain a paper copy (including any accompanying Application Form) free of charge during the Offer Period by contacting the Registry on 1300 132 104 or MacarthurCook on 1300 655 197.

Completed Application Forms and payment must be mailed or delivered in the manner set out above.

Enquiries

Investors with questions on how to complete the Application Form or who require additional copies of this PDS should contact the Registry on 1300 132 104, MacarthurCook on 1300 655 197 or their broker.

3.3 PAYMENT

Applicants must pay the Issue Price for the number of New Units applied for under the Offer in full. Application Forms must be accompanied by a cheque or bank draft for the Application Monies as set out below.

Cheques or bank drafts must be drawn on an Australian financial institution in Australian currency only, made payable to "Sandhurst ACF MacarthurCook PSF" and crossed "Not Negotiable". Cash will NOT be accepted and receipts for payment will not be issued.

You should ensure that sufficient funds are held in your relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Monies allocation is insufficient to pay for the number of New Units that you have applied for on your Application Form, you may be taken to have applied for such lower number of New Units as your cleared Application Monies will pay for or your Application may be rejected.



3. HOW TO PARTICIPATE IN THE OFFER

3.4 INTEREST ON APPLICATION MONIES

Until New Units are issued, the Custodian will hold the Application Monies on trust in a bank account. The account will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act. Any interest accrued on Application Monies will be retained by the Responsible Entity on behalf of the Fund.

To the fullest extent permitted by law, each Applicant agrees that the Application Monies will not bear or earn interest for the Applicant, irrespective of whether or not all or any of the New Units applied for by the Applicant are issued.

3.5 ALLOCATION AND ALLOTMENT OF NEW UNITS

All Eligible Unitholders participating in the Rights Offer will be allotted the number of New Units for which they have applied up to their Entitlement, which will not be subject to scale back.

Persons who are not existing Unitholders, or existing Australian resident Unitholders wishing to apply for more than their Entitlement, may apply for New Units by participating in the Public Offer or by participating in the allocation of Shortfall Units. As Applications under the Public Offer may be subject to scale back (except for Applications received under the Broker Offer), no Applicant is assured of receiving any New Units for which they may apply under the Public Offer.

The Responsible Entity has the right, in consultation with the Lead Manager and Underwriter, to nominate the persons to whom the New Units under the Public Offer and Shortfall Units will be allocated. Applications from Eligible Unitholders who wish to apply for more than their Entitlement and shareholders in MacarthurCook Limited as at the date of this PDS will receive priority over other Applications made under the General Offer.

It is expected that the Allotment of New Units will take place on 26 September 2005. The allotment of New Units under the Public Offer will take place after, and is conditional upon, the allotment of New Units under the Rights Offer.

Where the number of New Units issued is less than the number applied for, or where no allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Allotment Date.

3.6 QUOTATION AND TRADING OF NEW UNITS

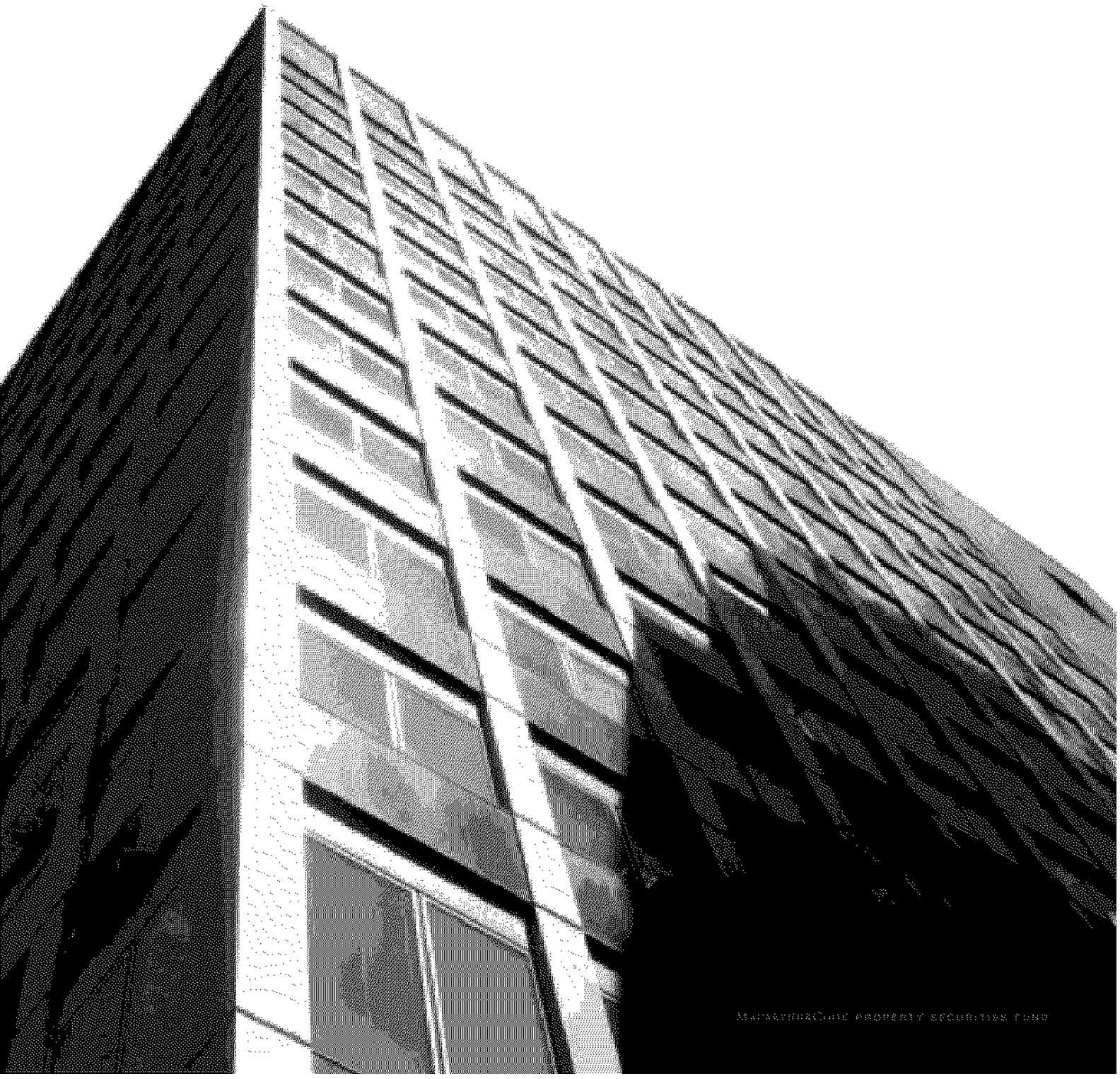
It is expected that Official Quotation and trading of the New Units will commence on the ASX on 30 September 2005.

While the Responsible Entity will apply for the quotation of New Units on the ASX in the same class as the Existing Units, quotation by the ASX is discretionary. If quotation is not granted, those New Units will not be allotted and Application Monies will be refunded to Applicants (without interest). For this reason, and by virtue of the potential for scale back of New Units applied for, Applicants are strongly advised to confirm their Holdings before trading in New Units. Applicants who sell New Units before they receive their holding statements will do so at their own risk.

The Responsible Entity, the Registry and the Lead Manager and Underwriter disclaim all liability, in tort (including negligence), statute or otherwise (to the maximum extent permitted by law), to persons who trade any New Units before receiving their holding statements, whether on the basis of a confirmation of allocation provided by the Responsible Entity, the Registry, the Lead Manager and Underwriter or otherwise.

The fact that the ASX may grant official quotation of the New Units is not to be taken in any way as an indication by the ASX of the merits of the Offer or the New Units issued under the Offer.

4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

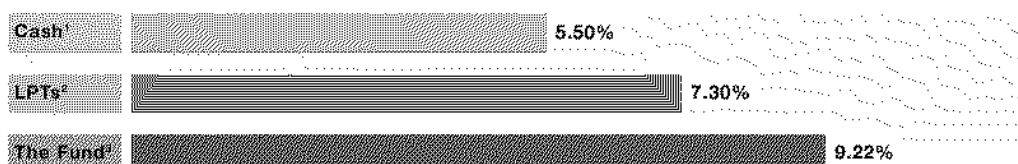


4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

4.1 INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide investors with regular income paid quarterly, and the potential for long term capital growth, by investing in a diversified portfolio of property securities. The graph below shows the forecast investment yield of the Fund compared to alternative investments.

COMPARATIVE INVESTMENT YIELDS



1 11am cash rate on 5 August 2005.

2 Estimate of S&P/ASX 200 Property Trust Index average yield as at 5 August 2005.

3 Forecast annualised distribution yield on New Units for the Forecast Period.

4.2 INVESTMENT STRATEGY

In order to provide investors with exposure to a broad range of property investment vehicles, the MacarthurCook Property Securities Fund invests in:

- * Unlisted Property Trusts and syndicates;
- * Wholesale Direct Property Funds;
- * Listed Property Trusts;
- * property-related companies listed on the ASX; and
- * cash and fixed interest securities.

The Responsible Entity intends that the sector categories and indicative medium to long term asset allocation ranges of the Fund will be as follows:

Asset Sector Ranges	Range	Target	Actual ¹
Unlisted Property Trusts and syndicates	70%-90%	80%	78%
Wholesale Direct Property Funds	0%-20%	0%	5%
Listed Property Trusts	10%-30%	15%	13%
Listed property-related companies	0%-20%	3%	1%
Cash and fixed interest securities	0%-10%	2%	3%

1 As at 30 June 2005.

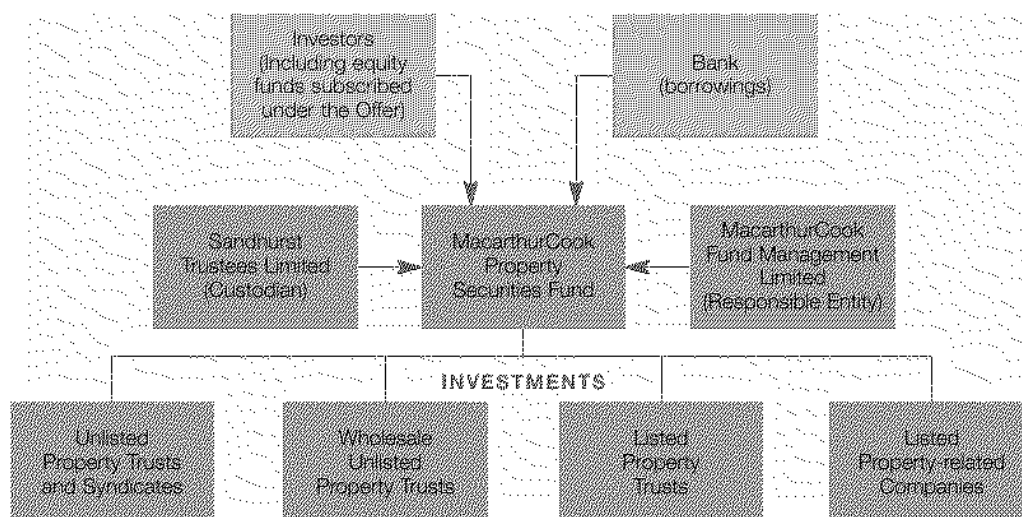
4.3 INVESTMENT PHILOSOPHY

The fundamental philosophy underpinning MacarthurCook's investment approach is that superior returns are achieved through an active approach to portfolio management, based on intensive research, understanding the fundamentals of the property market better than our competitors and identifying value adding opportunities.

Our process seeks to identify those property investment managers and property funds that are likely to deliver secure income and consistent long term investment performance.

4.4 FUND STRUCTURE

The structure of the Fund is as follows:



4.5 INVESTMENT APPROACH

The Fund has a value approach whereby the value of the property vehicle is compared to the level of sustainable rental income. In seeking relatively high value investments, MacarthurCook aims to identify those property vehicles that are expected to provide a higher total return than property investments with a similar risk profile.

While the capital values of all categories of income producing assets fluctuate, the least volatile investments are those that are assessed by the market as having sound, long term revenue streams.

The fundamental objective is to provide portfolio diversification that is designed to minimise risk through exposing the Fund to a weighted mix of property-based income streams generated by a large number of properties in a variety of property categories, situated in different geographic locations.

The research of specific investment opportunities in which the Fund may purchase units, shares or syndicated/unlisted interests includes:

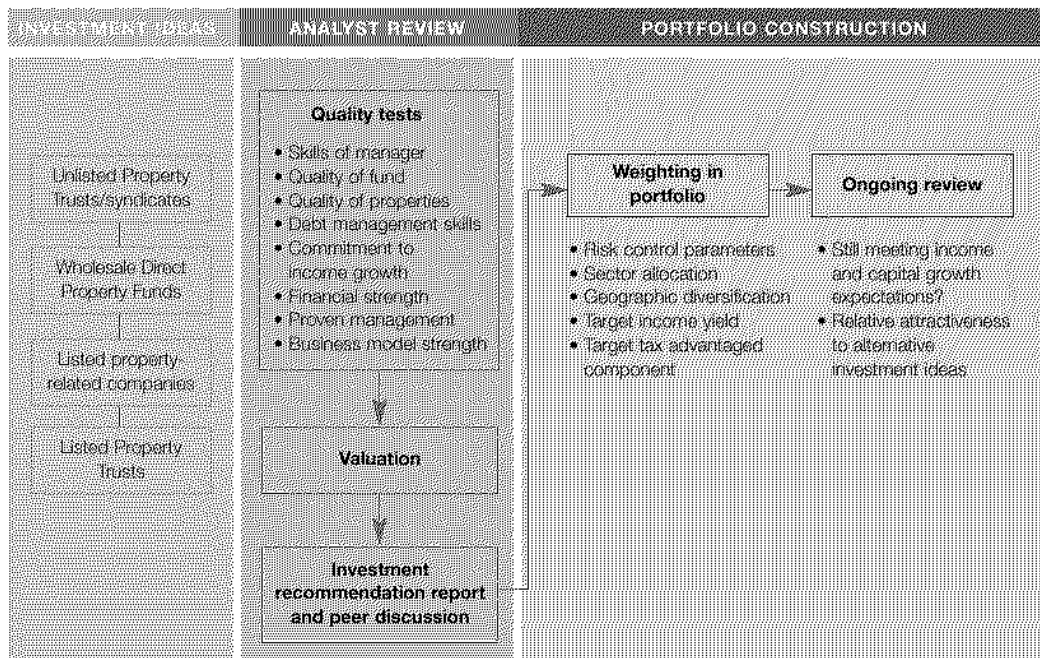
- * Assessing the long term utility of underlying assets.
- * Identifying the demand for, and likely future supply of, property space in the markets in which the underlying assets are located by analysing projected changes to relevant:
 - population growth rates and demographic trends;
 - town planning regulations;
 - employment statistics; and
 - industry and investment sentiment.

4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

- * Appraising the skills and fees of asset and fund managers, including their:
 - overall investment philosophy, and whether they are capable of delivering a sustainable competitive advantage;
 - ability, through research, to identify changes in the environment in which the assets they administer are located and how such changes will impact on investment performance;
 - staff capacity/resources to manage upgrade, extension and re-leasing programs. This is particularly important for major retail assets in respect of which customers expect an evolving physical environment. This requires asset managers to be able to keep their centres in demand from the current generation of successful specialty shop traders;
 - debt management skills and experience;
 - current level of funds/assets under management;
 - commitment to growing the rate of distributable income generated by the assets they manage; and
 - ownership structure/stability of the management team.
- * Having a detailed understanding of:
 - the quantum and terms of any borrowing arrangements that the entity may have entered into including interest rates, hedging, roll-over and retirement provisions;
 - lease expiry profiles;
 - rent review provisions; and
 - quality of tenant covenant.

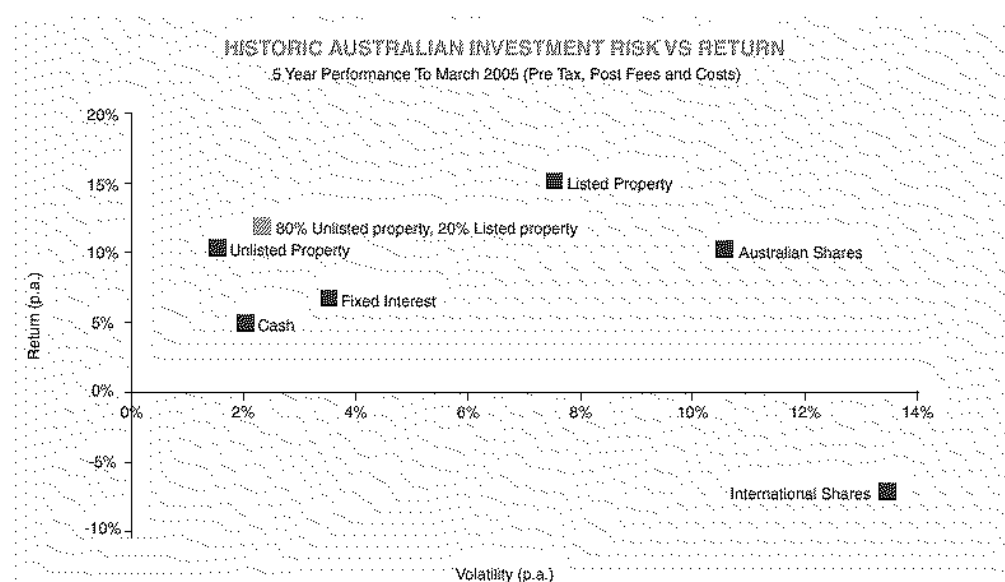
While the monitoring of market risk provides a top-down or big picture element to the selection of individual investments, our style has a bottom-up bias, which requires a thorough understanding of the detail of each of the underlying assets.

The investment process is illustrated by the following diagram:



4.6 PROPERTY MARKET OVERVIEW

The overall performance of the Australian property market has been strong, due to a combination of buoyant economic conditions, characterised by low interest rates, strong levels of employment, low inflation and a demand from investors chasing the attractive income yields direct property offers relative to other asset classes. This trend is likely to continue as our population ages and becomes increasingly reliant on income-oriented investments in retirement. In addition, unlisted property (to which the Fund targets an 80% exposure) provides the lowest volatility across all investment classes.



Source: Atchison Consultants, July 2005

Despite evidence of a slowing domestic economy during this year, demand remains strong for quality investment grade property across the office, retail and industrial sectors.

The outlook for the office property market overall is positive with white collar employment growing by 4.6% in the 3 months to May 2005, which should flow through to increased net absorption. However, the performance of each State office market will vary depending upon individual demand and supply characteristics.

The retail property sector has been subject to unprecedented levels of investment demand causing values to increase despite slowing retail sales growth. Yields for retail property continue to firm to near historic lows with no evidence of this trend abating.

The industrial property market has experienced unprecedented levels of demand from both retail and institutional investors causing values to increase. A combination of low interest rates and high levels of business investment, capacity utilisation and employment have positively impacted this sector. The outlook for the industrial property market remains positive with a continuation of the above trends expected.

The Fund's overall investment strategy will be to continue to focus on those property trusts that invest in properties which have secure underlying income streams, underpinned by a mix of government and publicly-listed tenants on long term leases across all sectors.

4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

4.7 CHANGES TO LISTED PROPERTY TRUST SECTOR

Historically, the main benefits in gaining exposure to listed property trusts (“LPTs”) have included:

- * liquidity;
- * diversification (on a property, tenant, management, sector and geographic basis);
- * greater exposure to retail assets than their unlisted counterparts;
- * exposure to superior quality/institutional-grade assets;
- * lower average gearing; and
- * a lower risk, higher yielding offering as opposed to general equities.

The evolution that has occurred in the LPT sector over recent times includes:

- * consolidation amongst trusts leading to fewer larger funds;
- * stapling of units in trusts to shares in the management or development companies (thus exposing the trust to the riskier and more volatile development, construction and funds management income streams) in a bid to enhance the returns generated;
- * gearing levels increasing; and
- * increased exposure to property assets based overseas.

The above changes have resulted in LPTs evolving from a low risk/low growth investment to a higher risk/higher growth investment.

4.8 WHY UNLISTED PROPERTY TRUST EXPOSURE?

There has been a dramatic growth in the unlisted property trust sector over recent years as investors seek the higher yields and tax advantaged income available from this sector. The unlisted property trust/syndicate sector comprises approximately \$11.5 billion in assets.

The main benefits in gaining exposure to the unlisted property market include:

- * an investment which correlates positively to the direct property market;
- * access to “non-traditional” property sectors (e.g. healthcare, self-storage, car parking, social infrastructure, petrol outlets) in addition to the more traditional sectors of office, retail and industrial property;
- * historically lower volatility than LPTs;
- * relatively high income yields; and
- * relatively high levels of tax advantaged income.

In recent years there has been an emergence of institutional fund managers in the management of unlisted property funds. Major managers of Unlisted Property Trusts and property syndicates include:

Unlisted Property Fund Managers

APN	Cromwell Corporation	Macquarie Direct
Austgrowth	Domaine	OFM Investment Group
Australian Unity	Investa	Opus
Centro	Lachlan REIT	Property Funds Australia
Challenger	MAB	SAITeysMcMahon

To date, investments in the unlisted property sector have generally been illiquid, meaning that investors have had only limited ability to sell their investment. The Fund has sought to address this limitation by listing on the ASX.

4.9 RISK CONTROL PARAMETERS

The following investment guidelines established by MacarthurCook in respect of the Fund are observed so as to assist in minimising the risk to the Fund of underperformance in respect of any particular investment.

1. Maximum underwriting exposure in any security	20% of the Fund Value with a requirement to reduce to 15% within 12 months
2. Maximum investment in any one security	15% of the Fund Value
3. Maximum exposure to any one manager	20% of the Fund Value
4. Maximum exposure to any one tenant	10% of the total rental income of the Fund
5. Maximum exposure to overseas property	40% of the Fund Value
6. Maximum holding of units in any Investee Fund	19.9% of Investee Fund
7. Minimum size of Investee Fund	\$20 million
8. Minimum funds under management of manager of Investee Fund	\$50 million
9. Maximum gearing ratio of Investee Fund	65% of total gross asset value of Investee Fund
10. Minimum net tangible asset backing in respect of Investee Fund ¹	\$0.90 for each dollar invested in the Investee Fund (after Placement Fees)
11. Minimum independent research ratings ¹	"A" rating from Property Investment Research or a "Recommended" rating from either one of Lonsec, ASSIRT, Aegis or Managed Investment Assessments

¹ This guideline only applies to Unlisted Property Trusts and syndicates.

Investment in MacarthurCook managed property funds

Where the Fund invests in any property funds of which a member of the MacarthurCook Group is the responsible entity, the property funds must satisfy all of the above investment guidelines, including the need for an investment grade independent research rating. Any investments in MacarthurCook Group managed property funds must not incur entry or exit fees and must incur a wholesale annual management fee of no greater than 0.75% per annum of gross assets.

A MacarthurCook Group subsidiary, as responsible entity for a MacarthurCook Group managed investment scheme, may pay Placement Fees to the Fund. The MacarthurCook Group will earn no more in acquisition and equity raising fees in respect of the acquisition by the Fund subsidiary of units in MacarthurCook Group managed investment schemes than the average fees earned in this regard by the responsible entities of the other unlisted funds in which the Fund invests.

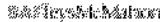
In addition, the Responsible Entity must appoint an independent expert to assess the suitability of any future related party investment.

The Responsible Entity has entered into a conditional commitment to acquire units in the MacarthurCook Office Property Trust, which is a managed investment scheme in respect of which MacarthurCook is also the Responsible Entity (see Section 11.1 for more information).

4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

4.10 THE MANAGERS

Details of the managers of the Unlisted Property Trust investments as at 30 June 2005 were as follows:

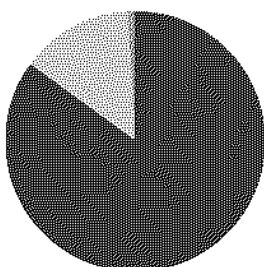
	Manager (Location)	Ownership	Funds Managed (approximately)	Property Fund
	APN Funds Management Limited (Melbourne)	Listed	\$1.9 billion	APN Regional Property Fund
	Austgrowth (Sydney)	Private	\$203 million	Austgrowth Property Syndicate No. 23 (St Kilda Road)
	Australian Unity (Melbourne)	Mutual	\$2.8 billion	Australian Unity Property Income Fund (Wholesale) and Healthcare Property Trust
	Centro (Melbourne)	Listed	\$3.8 billion	CentroMCS 32 – International No. 2, CentroMCS 33 and CentroMCS 35
	Cromwell (Brisbane)	Listed	\$477 million	Cromwell Diversified Property Trust
	Investa (Sydney)	Listed	\$5.5 billion	Investa Diversified Office Fund
	James Fielding Funds Management (Sydney)	Unlisted	\$2.2 billion	James Fielding Retail Portfolio
	Lend Lease (Sydney)	Listed	\$4.1 billion	Lend Lease APPF Retail
	MAB (Melbourne)	Private	\$175 million	MAB Diversified Property Trust
	MacarthurCook (Melbourne)	Listed	\$600 million	MacarthurCook Industrial Property Trust
	Macquarie Direct (Sydney)	Unlisted	\$712 million ¹	Macquarie Direct Property No. 11 – East Coast Portfolio
	OFM Investment Group (Melbourne)	Listed	\$1.1 billion	OFM Direct Property Trust
	Property Funds Australia (Brisbane)	Private/Mirvac	\$300 million	PFA Diversified Property Trust
	SAI Teys McMahon (Melbourne)	Private	\$1.2 billion	The Childcare Property Fund
	Trinity Consolidated (Brisbane)	Listed	\$300 million	Trinity Property Trust

¹ Property-related assets.

4.11 DIVERSIFICATION

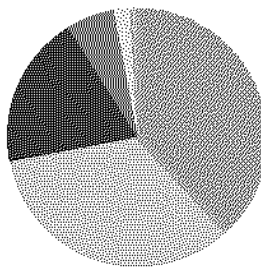
The portfolio as at 30 June 2005 provides the following diversification:

ASSET ALLOCATION



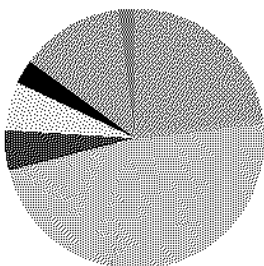
• Unlisted Property Trusts/syndicates	85%
• Listed Property Trusts	14%
• Property-related securities listed on the ASX	1%

SECTOR ALLOCATION



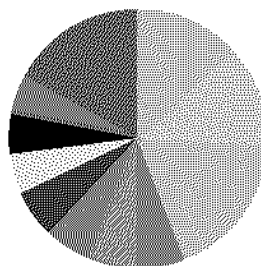
• Office	38%
• Retail	34%
• Industrial	19%
• Childcare	6%
• Healthcare	2%
• Carpark	1%

GEOGRAPHIC ALLOCATION



• NSW/ACT	23%
• VIC	30%
• QLD	18%
• WA	5%
• SA	6%
• TAS	3%
• USA	13%
• NZ	2%

MANAGER DIVERSIFICATION



• Macquarie	13%
• Cromwell	13%
• PFA	11%
• Australian Unity	7%
• MacarthurCook	6%
• MAB	6%
• SA/TeysMcMahon	6%
• OFM	6%
• Investa	5%
• Centro	5%
• Lend Lease	5%
• Other	17%

4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

4.12 THE FUNDS

Investment Portfolio as at 30 June 2005

	Sector	Fund Size /Market Capitalisation (\$m)	Investment Allocation
Unlisted Property Trusts/Syndicates acquired at IPO			
Austgrowth Property Syndicate No. 23 (St Kilda Road)	Office	33.5	4%
CentroMCS 32 International No. 2	Retail	251.2	1%
CentroMCS 33	Retail	219.0	2%
Cromwell Diversified Property Trust	Diversified	384.0	13%
MAB Diversified Property Trust	Diversified	126.4	6%
MacarthurCook Industrial Property Trust	Industrial	82.0	6%
Macquarie Direct Property Fund No. 11 – East Coast Portfolio	Office	189.5	5%
OFM Direct Property Trust	Diversified	74.8	5%
APN Regional Property Fund ¹	Retail	69.9	3%
PFA Diversified Property Trust	Diversified	300.0	11%
New unlisted investments acquired since IPO			
Australian Unity Property Income Fund (Wholesale)	Diversified	50.7	5%
Australian Unity Healthcare Property Trust	Healthcare	184.8	2%
CentroMCS 35	Retail	138.9	3%
Investa Diversified Office Fund	Office	155.8	5%
James Fielding Retail Portfolio	Retail	113.0	3%
Lend Lease APPF Retail	Retail	2,362.0	5%
The Childcare Property Fund (SAITeysMcMahon)	Childcare	102.0	5%
Trinity Property Trust	Diversified	297.0	1%
Total / Weighted Average			85%
Groups Listed on the Australian Stock Exchange			
Australand Property Group	Diversified	1,204.6	1%
DB RREEF Trust	Diversified	3,729.3	1%
Galileo Shopping America Trust	Retail	575.1	1%
ING Real Estate Entertainment Fund	Entertainment	80.4	1%
JF US Industrial Trust ²	Industrial	121.8	1%
Macquarie CountryWide Trust	Retail	2,201.2	1%
Macquarie DDR Trust	Retail	997.9	2%
Macquarie Office Trust	Office	2,192.4	2%
Macquarie ProLogis Trust	Industrial	923.8	3%
Tishman Speyer Office Fund	Office	547.6	1%
Trinity Consolidated Group	Diversified	95.0	1%
Total / Weighted Average			15%
Total			100%

1 Investment Value includes second (and final) subscription instalment of \$510,476 which is due on 30 September 2005 (units issued in the fund were partly paid).

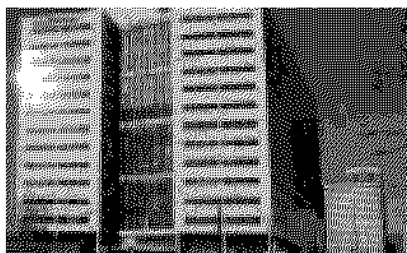
2 Investment Value includes second (and final) subscription instalment of \$500,000 which is due on 1 February 2006 (units issued in the trust were partly paid).

Investment Value (\$)	Fund Ownership of Vehicle	2005/06 Forecast Distribution Yield	2005/06 Forecast Tax Advantaged Component	Term Expiry	Number of Properties	Weighted Average Lease Duration -Years (by income)
3,500,000	19.0%	9.0%	37%	2011	1	1.7
1,000,000	0.7%	9.0%	62%	2008	14	7.6
1,500,000	1.7%	8.0%	77%	2011	7	5.1
12,000,000	6.3%	9.0%	85%	2012	16	7.0
6,000,000	11.6%	9.0%	70%	2010	10	6.2
5,926,232	16.1%	9.4%	67%	Open Ended	8	5.7
5,000,000	4.9%	8.3%	100%	2008	5	3.6
5,300,000	15.7%	8.6%	100%	2010	3	4.5
2,952,308	10.7%	8.8%	89%	Listed on BSX	4	9.3
10,339,443	7.0%	9.5%	61%	Listed on BSX	14	6.3
5,003,830	9.9%	7.9%	28%	Open Ended	3	5.3
1,449,027	1.3%	9.0%	78%	Open Ended	11	12.6
2,500,000	4.1%	8.5%	85%	2010	3	6.8
5,000,000	7.5%	8.3%	100%	Open Ended	10	5.8
2,499,840	5.6%	9.5%	61%	2008	7	7.2
5,084,564	0.3%	7.0%	28%	Open Ended	8	—
5,267,254	12.3%	9.1%	76%	Open Ended	102	9.5
504,866	0.2%	8.0%	48%	Open Ended	13	4.9
80,827,364	8.7%	8.8%	71%		239	5.9
685,178	0.1%	12.2%	22%	Listed on ASX	25	7.8
706,310	0.0%	8.1%	44%	Listed on ASX	77	5.1
1,459,608	0.3%	8.3%	68%	Listed on ASX	52	8.1
235,876	0.3%	8.6%	35%	Listed on ASX	13	13.7
1,001,985	0.4%	9.4%	62%	Listed on ASX	41	4.2
706,424	0.0%	8.0%	37%	Listed on ASX	249	11.9
2,254,217	0.2%	8.3%	85%	Listed on ASX	35	8.0
1,547,693	0.1%	8.5%	52%	Listed on ASX	35	5.7
2,566,278	0.3%	9.2%	60%	Listed on ASX	123	5.5
1,074,208	0.2%	8.2%	56%	Listed on ASX	12	5.2
997,000	1.1%	9.7%	32%	Listed on ASX	5	4.4
13,234,777	0.2%	8.9%	57.4%		667	6.6
94,062,141					906	6.0

4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

4.13 THE PROPERTIES

Detailed below is information on the major property assets of the Fund's 10 largest Unlisted Property Trust investments (based on the Fund's holdings as at 30 June 2005).



Property Description: 700 Collins Street, Melbourne, Vic.
Property Fund: Cromwell Diversified Property Trust
Major Tenant: Bureau of Meteorology (Cth Govt.)
% of income of fund: 15%
Lease expiry: July 2016
Valuation: \$133,000,000
Market Cap Rate: 7.54%
Occupancy: 98% (approx.)



Property Description: Post Office Square, Brisbane, Qld.¹
Property Fund: PFA Diversified Property Trust
Major Tenant: Kings Parking
% of income of fund: 8%
Lease expiry: November 2009
Valuation: \$55,000,000
Market Cap Rate: 8.05%
Occupancy: 98% (approx.)



Property Description: 71-93 Whiteside Road, Clayton, Vic.
Property Fund: MacarthurCook Industrial Property Trust
Major Tenant: Simon Transport Pty Ltd
% of income of fund: 13%
Lease expiry: September 2011
Valuation: \$19,000,000
Market Cap Rate: 8.90%
Occupancy: 100%



Property Description: 35 Spring Street, Melbourne, Vic.
Property Fund: OFM Direct Property Trust
Major Tenant: Department of Treasury & Finance (State of Vic.)
% of income of fund: 23%
Lease expiry: July 2010
Valuation: \$37,500,000
Market Cap Rate: 8.00%
Occupancy: 100%



Property Description: Erina Fair Shopping Centre,
Terrigal Drive, Erina, NSW
Property Fund: Lend Lease APPF Retail
Major Tenant: Coles Myer Ltd
% of income of fund: 1%
Lease expiry: August 2007
Valuation: \$710,400,000
Market Cap Rate: 6.50%
Occupancy: 99.5% (approx.)



Property Description: Mornington Village Shopping Centre,
Main Street, Mornington, Vic.

Property Fund: MAB Diversified Property Trust

Major Tenant: Woolworths Ltd

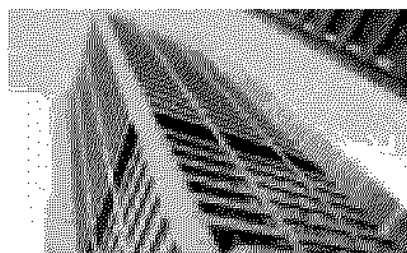
% of income of fund: 7%

Lease expiry: August 2012

Valuation: \$17,400,000

Market Cap Rate: 9.00%

Occupancy: 97% (approx.)



Property Description: 310 Pitt Street, Sydney, NSW.

Property Fund: Investa Diversified Office Fund

Major Tenant: Telstra Corporation Ltd

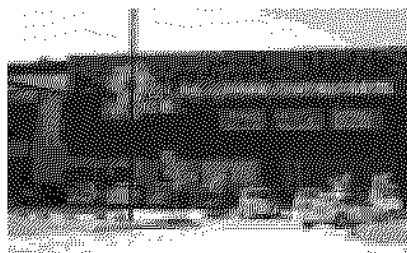
% of income of fund: 35%

Lease expiry: October 2010

Valuation: \$66,375,000

Market Cap Rate: 7.20%

Occupancy: 100%



Property Description: Murrarie Commercial Centre, 20-22
Metroplex Avenue, Murrarie, Qld.

Property Fund: The Childcare Property Fund (SAFteysMcMahon)

Major Tenant: ABC Learning Centres Ltd

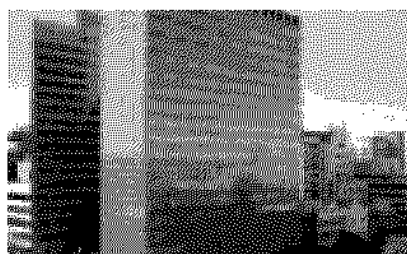
% of income of fund: 4%

Lease expiry: August 2014

Valuation: \$5,700,000

Market Cap Rate: 8.20%

Occupancy: 100%



Property Description: 1 Nicholson Street, Melbourne, Vic.

Property Fund: Macquarie Direct Property Fund No.11 –
East Coast Portfolio

Major Tenant: Orica Australia Pty Ltd

% of income of fund: 15%

Lease expiry: September 2007

Valuation: \$46,150,000

Market Cap Rate: 8.00%

Occupancy: 100%



Property Description: Salisbury Cinema Centre,
Cnr Gawler and James Streets, Salisbury, SA.

Property Fund: Australian Unity Property Income Fund (Wholesale)

Major Tenant: Hoyts Cinemas

% of income of fund: 35%

Lease expiry: November 2013

Valuation: \$9,000,000

Market Cap Rate: 11%

Occupancy: 95% (approx.)

† PFA has entered into a put and call option agreement to sell this property to CFS Gandel Retail Trust for \$68.6 million (subject to final adjustments). The put and call option agreement provides for settlement between 31 August 2005 and 14 December 2005. A copy of the full announcement made by PFA can be seen on www.bsx.com.au.



4. INFORMATION ON THE MACARTHURCOOK PROPERTY SECURITIES FUND

4.14 INCOME DISTRIBUTION POLICY

The Fund earns income in the form of distributions, interest and Placement Fees. Where the Fund disposes of an asset, a capital gain or loss may arise.

All taxable net income and net realised capital gains must be distributed to Unitholders in the financial year in which they are earned. The Responsible Entity may elect to also distribute a portion of non-taxable income earned by the Fund. The Constitution provides for distributions out of the Fund's capital reserves. The Responsible Entity will only make such distributions if and when it deems prudent.

Distributions are declared in respect of each quarter ending 31 March, 30 June, 30 September and 31 December each year. Distributions, if payable in respect of a quarter, must be paid to Unitholders no later than 45 days after the relevant quarter end date.

Unitholders should note that the distributions they receive from the Fund may vary at each distribution date. Distributions may be reinvested in additional Units under the Distribution Reinvestment Plan, if in operation (see Section 11.12), or paid directly into a nominated bank or building society account.

No brokerage will be applicable for any Units acquired under the Distribution Reinvestment Plan. The Responsible Entity may suspend and/or reintroduce the Distribution Reinvestment Plan at its discretion.

4.15 CAPITAL MANAGEMENT

The Units of the Fund may trade on the ASX at prices lower than the value of the net tangible asset backing per Unit. The Responsible Entity will regularly monitor the relationship between the market price of the Units and the net tangible asset value of the Units.

Since the Fund's initial public offering, the Units in the Fund have traded consistently above the net tangible asset value of the Units. However, past performance is no guarantee as to the future performance of the Fund.

The Responsible Entity envisages further increasing the size of the Fund over time through raising additional capital, or by drawing down on its short term debt facility, to further diversify the investment portfolio and take advantage of new investment opportunities. The Responsible Entity does not guarantee the performance of the Fund or otherwise give any assurance as to the repayment of capital.

4.16 BORROWINGS

The Fund currently has borrowings of \$27.3 million outstanding under the Facility Agreement, which will be repaid with part of the Offer Proceeds.

Under the Facility Agreement, total borrowings of the Fund are restricted to no more than 30% of the total tangible asset value of the Fund. The Fund's borrowings are used to enable it to take advantage of new investment opportunities and any further borrowings are expected to be of a short term nature.

4.17 TAXATION STATUS

Details on the taxation consequences of investing in the Fund are contained in the Taxation Report in Section 9.

The Responsible Entity believes that a portion of distributions to Unitholders will be tax advantaged. This tax advantaged component of distributions is derived from depreciation and capital allowances and the amortisation of capital raising costs, borrowing costs and lease incentives in the underlying property fund or syndicate, and capital raising and other certain costs in the Fund. A tax advantage is obtained when total distributions paid to a Unitholder for a particular year are higher than the Unitholder's proportional share of the Fund's taxable income for the same period.

Applicants are advised to seek their own tax advice in relation to an investment pursuant to the Offer, as taxation treatments may differ according to individual circumstances.

5. INFORMATION ON MACARTHURCOOK GROUP



5. INFORMATION ON MACARTHURCOOK GROUP

5.1 ABOUT MACARTHURCOOK GROUP

Investment management is about committed people, their investment process and the performance they deliver for investors.

MacarthurCook Limited's investment management approach of specialising in the management of direct property, property securities and mortgage funds is combined with the strength of being a company listed on the ASX, with strong institutional shareholders.

MacarthurCook Limited is a company admitted to the official list of the ASX with over 500 shareholders (ASX code: MCK) and is a member of the Australian Direct Property Investment Association, the Property Council of Australia and the Asian Public Real Estate Association.

Ascalon Capital Managers Limited, a member of the St George Bank Group, is MacarthurCook Limited's largest shareholder and owns 19.7% of the issued shares of the company.

MacarthurCook Fund Management Limited, a wholly owned subsidiary of MacarthurCook Limited, has an Australian financial services licence (No. 258052) allowing it to be the responsible entity of property, property securities and mortgage funds.

The senior executives of MacarthurCook Group are investment professionals with an average of more than 15 years experience in funds management.

5.2 FUNDS UNDER MANAGEMENT

Set out below are details of the funds, as at 30 June 2005, in respect of which MacarthurCook Fund Management Limited is the appointed investment manager.

Fund	Asset Class	Fund Size
MacarthurCook Mortgage Fund	Mortgages	\$362m
Advance Mortgage Fund	Mortgages	\$75m
MacarthurCook Diversified Property Income Fund	Listed and unlisted property funds	\$0.4m
MacarthurCook Industrial Property Trust	Direct Property	\$82m
Advance Property Securities Fund	Property Securities	\$64m
MacarthurCook Property Securities Fund	Property Securities	\$99m

5.3 DIRECTORS

Richard M Haddock (Independent Non-executive Chairman)

After an initial career as a lawyer, Richard spent over 20 years in the investment banking industry with BNP Paribas. From 1988 until 2001 Richard was Deputy General Manager for Australia, a position directly responsible for the investment banking, treasury, funds management and stockbroking activities of BNP Paribas.

Richard is Chairman of MacarthurCook Limited, and MacarthurCook Investment Managers Limited, a director of Colonial First State Private Equity Limited and Chairman of its Audit Committee. Richard is also a director of Tishman Speyer Australia Limited (and Chairman of its Audit Committee), Chairman of Centacare and honorary treasurer of Caritas Australia.

He was previously Chairman of Cashcard Australia Limited, Deputy Chairman of BNP Paribas Investment Management (Australia) Limited, a director of AXA Insurance (Australia) Limited and a committee member of the Salvation Army Red Shield Appeal.

Richard holds a Bachelor of Arts and Bachelor of Laws from the University of Sydney, is a Fellow of the Australian Institute of Bankers, the Australian Institute of Company Directors and the Australian Institute of Management. Richard is also a member of the Commercial Law Association and the Law Society of New South Wales.

Craig M Dunstan (Managing Director & Chief Investment Officer)

(see page 35 for details)

Phillip J Anderson (Independent Non-executive Director)

Phillip has 30 years experience in the property industry in Australia and overseas, where he has held senior executive and finance positions.

Phillip was formerly Deputy Chief Executive Officer for LJ Hooker Limited and Hooker Housing Group, Finance Director of Civil and Civic Pty Ltd and Lend Lease Property Group, and Chief Executive Officer of Lend Lease Development Pty Ltd.

Currently, Phillip is a Chairman of Espreon Limited, a director of Hastie Group Limited, Isis Projects Pty Ltd and the NSW Growth Centres Commission. He is also a director of MacarthurCook Investment Managers Limited and MacarthurCook Limited and Chairman of MacarthurCook Limited's Audit, Risk and Compliance Committee.

Phillip is a Certified Practising Accountant, a Fellow of the Institute of Chartered Secretaries and a member of the Australian Institute of Directors.

A Hugh Gurner (Non-executive Director)

Hugh has over 15 years experience in corporate finance and the financial services industry, with senior roles in research analysis, underwriting and institutional equities sales. Much of Hugh's experience has been focused on ASX-listed companies in two main sectors: property development and property trusts. Hugh's past clients include some of the major property investment and funds management organisations in Australia.

In early 1997, Hugh became a joint founding executive director of Citadel Pooled Development Limited, a venture and development capital company listed on the ASX. Hugh is also a director of MacarthurCook Investment Managers Limited, MacarthurCook Limited and a number of listed and unlisted companies operating in a range of sectors. Hugh holds a Bachelor of Arts (Legal Studies) and is a Fellow of the Australian Institute of Company Directors.

5.4 MACARTHURCOOK GROUP'S INVESTMENT TEAM

The depth of skills and experience of MacarthurCook's senior management and investment teams, in both the direct property and property securities areas, provide the business with:

- a professional, quality and innovative approach;
- knowledgeable people, with extensive experience in funds management;
- direct property, unlisted and listed property securities expertise;
- experience of analysing and investing in unlisted property trusts;
- the ability to access institutional-grade property investments; and
- the ability to deliver consistent, competitive performance via focused active investment management.

CRAIG
DUNSTAN

Chief Investment
Officer

More than 15 years
experience in
funds management

CHRIS
CALVERT

Head of Property

12 years property
experience

CRAIG
TURNBULL

Head of Property
Securities

20 years experience in
funds management

BRIAN
SMITH

Fund Manager

10 years property
experience

MARIO
SACCOCCIO

Property Trust
Analyst

5 years property
experience



5. INFORMATION ON MACARTHURCOOK GROUP

The investment team responsible for the investments of the Fund consists of:

Craig Dunstan (Managing Director & Chief Investment Officer)

(Founder and a significant shareholder of MacarthurCook Limited).

Craig has held senior management positions with the National Mutual and Lend Lease Groups prior to his appointment as General Manager of Financial Services and Chief Investment Officer of Australian Unity in 1995. He resigned from Australian Unity in 2002 to establish the MacarthurCook Group.

In his time at Australian Unity, Craig established Australian Unity Funds Management Limited and was responsible for its management and growth to the point where it managed over \$1 billion of assets, including over \$800 million of property-related assets.

Whilst at Australian Unity, Craig was one of the first in Australia to establish the “hybrid” property securities fund vehicle, altering the composition of the \$150 million Australian Unity Property Securities Fund to cater for up to a 15% exposure to unlisted property trusts.

Craig was previously a director of Australian Unity Funds Management Limited, York Capital Group Limited, Waltus Investments Australia Limited, Acorn Capital Limited and Permanent Friendly Society Limited and a member of the Investment Committee and Compliance Committee of Australian Unity. He was also a member of the Marketing and Distribution Board Committee of the Investment and Financial Services Association and a Councillor of the Association of Permanent Building Societies.

Craig has a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales and a Master of Business Administration from the University of Hull (UK). He is an Associate of the Securities Institute of Australia and a Solicitor of the Supreme Court of New South Wales.

Chris Calvert (Head of Property)

Chris has held senior positions within the property industry and has worked within this sector since 1992. He was a property valuer and consultant with Urbis (formerly AT Cocks & Partners) from 1992 to 1996. From 1996 to 1998 he was a property research analyst and portfolio manager with ANZ Funds Management. In 1998 he joined Southcorp Limited as their National Property Manager and was responsible for the property portfolio of the appliance, packaging, water heaters and wine divisions.

Chris then joined the Industry Superannuation Property Trust as a Property Investment Manager, where he had responsibility for the industrial property portfolio and was part of the team that successfully grew its funds under management to around \$2.5 billion.

Chris has a Bachelor of Business in Property from the Royal Melbourne Institute of Technology (RMIT). He is also an Associate of the Australian Property Institute.

Craig Turnbull (Head of Property Securities)

Craig has worked in the funds management industry since 1982 when he joined Bankers Trust as Assistant Economist.

Over 15 years with Bankers Trust he held a variety of roles including a position on its Asset Allocation Committee and involvement in the management of property securities, international and balanced equity funds. In 1993 he was appointed Head of International Equities.

Craig joined Tower Asset Management in 1997 as Chief Investment Officer and in this role was responsible for the management of \$8 billion of assets which included Australian and international equities and property securities mandates. In 2001 he joined hedge fund manager Vertex Capital as Investment Director.

Craig has a Bachelor of Economics (Honours) from the University of Sydney and is an Associate of the Securities Institute of Australia.

5. INFORMATION ON MACARTHURCOOK GROUP

Brian Smith (Fund Manager)

Brian has held a number of positions within the commercial property sector.

He was a commercial property sales and leasing agent with Jones Lang LaSalle Australia (formerly Jones Lang Wootton) from 1991 to 1995 specialising in the industrial sector. From 1995 to 1997 he worked with a property developer in Perth focusing on site acquisitions and project leasing. In 1998 he joined the ANZ Bank in their Property and Construction Finance Division working with commercial property owners and lending on investment properties within the hospitality, healthcare, industrial and office sectors. Brian then joined Centro Properties Group (formerly MCS Property) as a Property Investment Analyst, where he was responsible for the budgeting and forecasting of both properties and syndicates.

Brian has a Bachelor of Commerce in Property from Curtin University of Technology in Perth. He is also completing a Bachelor of Commerce Degree in Banking and Finance.

Mario Saccoccio (Property Trust Analyst)

Mario has held senior positions within the listed property industry and has worked within this sector since 2000.

He was a Senior Research Analyst at Property Investment Research from 2000 to 2003, covering the LPT sector. From 2003 to 2004 he was a Senior Investment Analyst with IWL Limited and was responsible for listed and unlisted property trust and direct property market research, along with the Developers and Contractors and Retail Sectors of the ASX.

Mario has a Bachelor of Economics (Honours) from La Trobe University. He has attained a Graduate Diploma in Applied Finance and Investment (Investment Analysis) from the Securities Institute of Australia, and is an Associate Member of the Institute.

5.5 CLIENT SERVICES

MacarthurCook is committed to providing Unitholders with a high level of service and regular reporting. Unitholders are invited to contact our Client Services staff with any questions regarding their investment in the Fund:

Telephone (03) 9660 4555 or 1300 655 197
Facsimile (03) 9639 1440
Email mail@macarthurcook.com.au
Website www.macarthurcook.com.au
Post PO Box 18070, Collins Street East, Vic 8003

Keeping You Informed

The Registry will:

- * confirm every transaction you make;
- * provide you with an advice each quarter providing details of your distribution entitlement immediately after it is paid or reinvested;
- * within two months of each financial year end, send you an annual tax statement to help you with your tax return;
- * each year (around September) send you the accounts of the Fund (you can elect not to receive these, or to receive these electronically via www.computershare.com.au); and
- * notify you of any significant event.

As a listed entity, the Fund is subject to the continuous disclosure requirements of the Corporations Act and the Listing Rules. Accordingly, MacarthurCook has various reporting and disclosure obligations to the ASX. Copies of documents we lodge with the ASX may be accessed through the ASX website. We will email (or, if you do not have an email address, post) you copies of the Fund's yearly and half-yearly accounts and any continuous disclosure notices we lodge, free of charge, on request.

Updated information about the Fund is available from the Responsible Entity's website or a copy can be posted to you without charge by contacting Client Services, on 1300 655 197 during Melbourne business hours.

5.6 CORPORATE GOVERNANCE

The management of the Fund by the Responsible Entity is primarily governed by the Fund's Constitution and Compliance Plan.

Constitution

The Constitution is the primary document governing the relationship between the Unitholders in the Fund and MacarthurCook as responsible entity. The Fund was established on 13 October 2004 and registered by ASIC as a managed investment scheme on 1 November 2004.

The Constitution contains extensive provisions in respect of the legal obligations of the Responsible Entity and the Unitholders and the rights and powers of each. The Constitution can be amended unilaterally by the Responsible Entity where the change does not adversely affect the rights of the Unitholders. Otherwise, a special resolution must be passed by Unitholders at a properly called meeting. A number of the important provisions of the Constitution are also discussed elsewhere in this PDS. Amongst other things, the Constitution deals with the following important matters:

- (a) *Powers of the Responsible Entity.* The Responsible Entity has broad powers to manage the Fund, subject to its obligations under the law and the Corporations Act which require it to act honestly and in the best interests of Unitholders.
- (b) *Liability of the Responsible Entity.* To the extent permitted by the Corporations Act, the Responsible Entity is entitled to be indemnified out of the assets of the Fund for all liabilities incurred in the proper performance of its duties. This indemnity does not apply where there has been any negligence, deceit, breach of duty, fraud or breach of trust by the Responsible Entity.
- (c) *Liability of Unitholders.* The Constitution contains provisions intended to limit the liability of Unitholders to their investment in the Fund. There can be no absolute assurance that the liability of Unitholders will be limited as intended by these provisions as the determination of the ultimate liability of Unitholders in relation to the Constitution rests with the courts.
- (d) *Convening, holding, attending and voting at meetings of Unitholders.* The Responsible Entity may at any time convene a meeting of Unitholders and must convene a meeting of Unitholders when required to do so by the Corporations Act. Each Unitholder is entitled to receive notice of, and attend and vote at, general meetings of the Fund. At a general meeting, every Unitholder present in person or by proxy, representative or attorney, will have one vote on a show of hands and, on a poll, one vote for each dollar of value of their Units.
- (e) *Classes of Units.* The Fund is divided into two classes of units, namely Units which are fully paid ordinary units and Deferred Units which have been issued on terms which are summarised in Section 11.2 of this PDS as part of the performance incentive scheme for the Responsible Entity.



5. INFORMATION ON MACARTHURCOOK GROUP

- (f) *Issue of further Units and Options.* The Constitution authorises the Responsible Entity to issue Units and Options on such terms and conditions as the Responsible Entity may determine, subject to any restriction imposed by the Corporations Act, the Listing Rules and the Constitution.
- (g) *Redemption of Units.* Unitholders should note that the Responsible Entity is not obliged to offer any withdrawal or redemption rights under the Constitution. Any withdrawal or redemption rights will be suspended while the Units are quoted on the ASX.
- (h) *Transfer of Units.* Subject to the Corporations Act, the Listing Rules and the Constitution, Units are freely transferable.
- (i) *Retirement and removal of the Responsible Entity* The Responsible Entity must retire as the responsible entity of the Fund when required to retire by law. The Responsible Entity may retire as the responsible entity of the Fund as permitted by law. Under the Corporations Act, a Unitholder can call a meeting to consider and vote on a resolution to remove the Responsible Entity and appoint a new responsible entity. Subject to the proper performance of its duties, the Responsible Entity will be entitled to a fee if it is removed as responsible entity of the Fund on or before 15 December 2009 (see Section 10.3).
- (j) *Complaints handling procedures.* See page 39 for details.
- (k) *Winding Up.* The Fund will terminate on the earlier of:
 - (i) a date specified by the Responsible Entity as the date the Fund will terminate in a notice given to Unitholders; and
 - (ii) the date on which the Fund is terminated in accordance with another provision of the Constitution or by operation of law. The Responsible Entity may terminate the Fund when permitted to do so, and must terminate the Fund when required to do so by the Corporations Act.

The Constitution of the Fund previously provided for the Fund to terminate no later than the 80th anniversary of 13 October 2004 less one day. Pursuant to a Supplemental Deed dated 28 July 2005, the Responsible Entity has removed this fixed termination provision from the Constitution on the basis that it reasonably considers that the provision was included in the Constitution to avoid the application of the rules of law relating to perpetuities in relation to the Fund and that the removal of the provision does not materially change the nature of the Fund or have a material adverse effect on the interests of Unitholders.

Under the terms of the Constitution in its previous form, the need to have the Fund wound up at the end of its maximum term of 80 years imposed a repayment obligation on the Fund which, under the Australian Equivalent to International Financial Reporting Standards ("AIFRS"), would require capital contributed by Unitholders to be treated as debt and not equity.

The effect of this interpretation of AIFRS would be to reduce net assets as disclosed in the balance sheet of the Fund and to represent the Unitholders' distributions in the income statement as an interest expense. By treating distributions as an expense, essentially all of the current reported profit of the Fund would be eliminated. The change in disclosure would not of itself alter the amount of the distribution to Unitholders. However, the Responsible Entity reasonably considers that the interpretation of AIFRS would render the balance sheet and the income statement of the Fund as unable to be clearly understood without supplementary financial information of a technical accounting nature.

Accordingly, the Responsible Entity has amended the Constitution to eliminate the prospect of confusing financial information being presented to Unitholders.

- (l) *Distribution*. The rights of Unitholders to receive distributions of income and capital from the Fund.
- (m) *Notices*. Each Unitholder is entitled to receive all notices, accounts and other documents required to be given to Unitholders under the Constitution, the Listing Rules and the Corporations Act.

Compliance Plan

The Compliance Plan is the document which outlines the principles and procedures which the Responsible Entity will apply to ensure that it complies in all respects with the provisions of the Corporations Act, ASIC policy, the Listing Rules and the Constitution. The Compliance Plan is dated 13 October 2004 and has been lodged with ASIC.

The Compliance Plan deals with an extensive range of issues from the formation and operation of the Fund to the frequency and manner in which assets of the Fund will be revalued. The Compliance Plan also focuses on the systems in place to ensure competent management of the Fund. Systems for a wide variety of functions, including accounting, filing and office security are also prescribed.

Compliance Plan Auditor

Andrea Waters of KPMG is the appointed auditor of the Compliance Plan. The role of the Compliance Plan Auditor is to monitor and report on compliance by the Responsible Entity with the Compliance Plan.

Fund Auditor

KPMG is the appointed auditor of the Fund.

Custodian

Sandhurst Trustees Limited is the appointed custodian of the Fund and holds all Fund property on behalf of the Responsible Entity, including the Fund's bank accounts.

Complaints handling

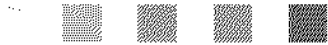
If you have a complaint about the performance of the Responsible Entity, then you are entitled to have your complaint dealt with in a proper and efficient manner. The Constitution details how complaints can be made and how the Responsible Entity must address them.

If you have a complaint, then you should notify the Responsible Entity in writing. Once you have made a complaint, the Responsible Entity must respond in writing to you within 14 days in an attempt to resolve the issue.

If a satisfactory resolution cannot be reached, then you may lodge your complaint with the Financial Industry Complaints Service (details below) which is an external complaints resolution service, or take whatever other action you believe is appropriate.

Financial Industry Complaints Service Ltd
PO Box 579, Collins Street West
Melbourne Vic 8007

Telephone 1300 780 808
Facsimile (03) 9621 2291
Website www.fics.asn.au



5. INFORMATION ON MACARTHURCOOK GROUP

Privacy Principles

The *Privacy Act 1988* (Cth) ("Privacy Act") and amendments made to the Privacy Act by the *Privacy Amendment (Private Sector) Act 2000* (Cth) govern the use of an individual's personal information gained by an organisation from dealings with the individual. The National Privacy Principles of the Privacy Act govern the way in which organisations should treat personal information.

The Responsible Entity is committed to managing and only using personal information in ways that comply with the Privacy Act. As a result, the Responsible Entity will apply the National Privacy Principles in respect of all information you provide in making an application for New Units in the Fund.

The information the Responsible Entity obtains from you on an Application Form is used to evaluate your application for New Units, as well as to issue and manage your investment.

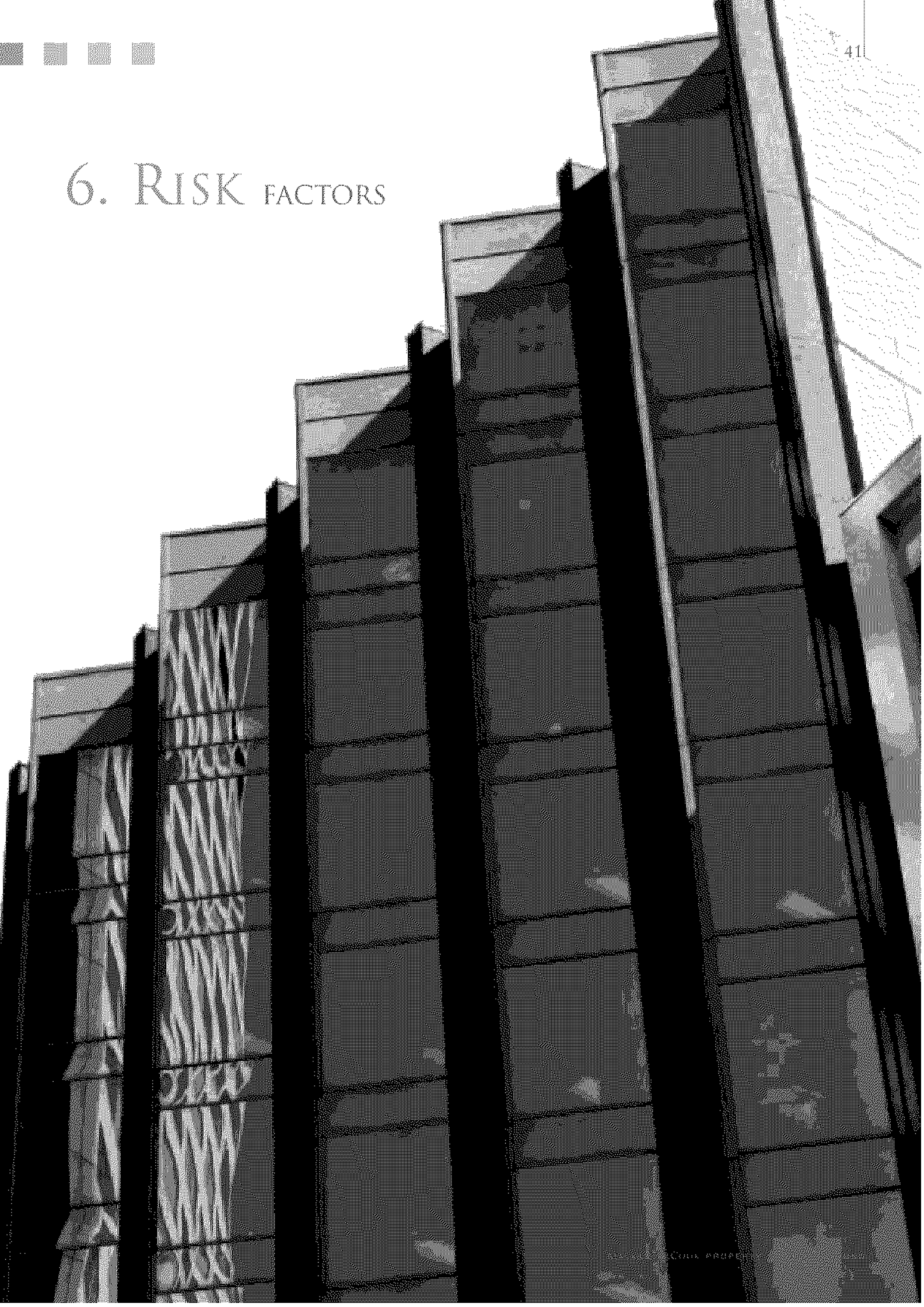
The Responsible Entity retains the information you provide for record keeping purposes, however, once your personal information is no longer required, the Responsible Entity will either destroy it, or retain it in a way that does not identify that it relates to you.

You have a right to know the information the Responsible Entity holds which relates to you and to require the Responsible Entity to correct any errors in respect of that information. In this regard, you can assist the Responsible Entity to keep your details up to date by advising the Responsible Entity of any information that is incorrect. You can call the Responsible Entity or write to it at the address listed in the Corporate Directory to obtain details about the information the Responsible Entity holds which relates to you.

As well as reporting to you about your investment in the Fund, the Responsible Entity may use your contact details to let you know about other investment opportunities. If you prefer not to receive these communications, please telephone or mail the Responsible Entity at the contact details referred to in the Corporate Directory. If the Responsible Entity is obliged to do so by law, it will pass your personal information to other parties strictly in accordance with the relevant legal requirements.

A copy of the Responsible Entity's privacy policy is available by contacting the Responsible Entity, or by going to the MacarthurCook Group's website at www.macarthurcook.com.au.

6. RISK FACTORS





6. RISK FACTORS

This Section identifies the areas the Responsible Entity regards as the material risks associated with an investment in the Fund.

Investors should be aware that investment in the Fund involves various risks. While the Responsible Entity intends to use prudent skill and care to minimise the risk to Unitholders, no assurances can be given as to the success or otherwise of the Fund's investments or the market price at which the Units may trade. Potential investors should read this PDS in full to fully appreciate such matters and, if further information on material risks is required, seek appropriate financial advice.

The price at which Units trade on the ASX can fall as well as rise and may trade below the net tangible asset backing per Unit. There is also a risk that the Forecasts set out in Section 7.3 will not be met. The Responsible Entity has endeavoured to ensure that the assumptions used in the preparation of the Forecasts are reasonable. However, there are a number of factors which may affect the ability of the Fund to achieve the Forecasts, some of which are beyond the control of the Responsible Entity.

Factors outside the control of the Responsible Entity may have an effect on the value of the underlying investments and the value of the Investee Funds, the net income of the Fund, distributions paid by the Fund, the Fund's ability to meet the Forecasts and the price at which Units trade on the ASX. Such factors include, but are not limited to, the following:

- *Property risk.* Direct property and property securities are affected by the general risks outlined in this Section. External factors impacting on property values and returns include liquidity, inflation, insurance, business confidence, interest rates and general market conditions, the quality of properties, vacancy levels, rental rates, supply and demand for property investment and accommodation, proximity of competing properties, current and expected income and other construction/ refurbishment costs. Further, destruction or substantial damage to properties held by Investee Funds could result in a loss of capital or a loss or deferment of income derived by the Investee Fund.
- *Currency risk.* The Fund may invest in Investee Funds that hold overseas properties. If the currency of the overseas country changes in value relative to the Australian dollar, the value of the Investee Funds or their income and distributions may change in Australian dollar terms. The Responsible Entity endeavours to invest in funds that hedge this currency risk.
- *Economic conditions.* This includes the general economic climate, both domestically and internationally, stock market movements, political changes, currency movements and interest rates.
- *Personnel.* The loss of key personnel or an inability to hire additional suitably qualified personnel as necessary to meet the Responsible Entity's or the underlying investment's management, administration and other needs may impact upon the Fund's performance.
- *Valuation.* Property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price, and therefore the return to investors in the Investee Funds, even where such sales occur shortly after the valuation date.
- *Expenses.* The Fund's expenses may be greater than forecast thereby reducing the amount available for distribution to Unitholders.
- *Competition.* An increase in the supply of competing properties to those owned by the Investee Funds may affect the performance of the Fund.
- *Duties.* The Investee Funds may be liable for additional stamp duties (and other revenue items) pursuant to the duties legislation applicable in the states in which the Investee Fund has acquired real property.

- *Security.* Returns of the Fund are affected by the underlying strength of the cash flows, balance sheets and management of the Investee Funds, which may change because of other risks peculiar to those funds.
- *Capital expenditure.* Unforeseen capital expenditure requirements or environmental issues in respect of the underlying assets held by Investee Funds may impact upon the performance of the Fund.
- *Disasters.* Natural disasters and other phenomena such as earthquakes or cyclones may occur and some of the underlying assets of the Investee Funds may not be insured for such events. This may have an effect on the performance of the Fund.
- *Terrorism.* Terrorist attacks may occur and assets owned by Investee Funds may not be insured for such attacks.
- *Derivatives.* The use of derivatives by the Responsible Entity may cause risks by:
 - the value of the derivatives not moving in line with the underlying asset;
 - potential illiquidity of the derivative;
 - the possibility of counterparty risk; or
 - the length of the term not being sufficient.
- *AFSL compliance.* Maintenance of the Responsible Entity's Australian financial services licence depends, among other things, on the Responsible Entity continuing to comply with the ASIC imposed licence conditions and the Corporations Act. Failure to comply may impact upon the ability of the Responsible Entity to manage the Fund.
- *Borrowings.* The Responsible Entity intends that the borrowings of the Fund will not exceed 30% of its total tangible assets. Many of the Fund's investments will have underlying gearing which may magnify the gearing of the Fund. The effect of borrowings is that gains and losses are magnified. Borrowing also increases risk in relation to both the stability of returns and the return on capital.
- *Taxation.* There may be tax implications arising from ownership of the Units, tax advantaged income (if any) from the Fund and the disposal of Units. The after-tax returns from an investment in the Fund may be influenced by changes in taxation laws or their interpretation. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to their investment in the Fund.
- *Allocations.* There is a risk that the Fund's investments may not at all times accord with the target sector allocations of the Fund as set out in Section 4.2.
- *Changes in law.* Changes in government policy and legislation, including changes to the taxation systems, tenancy laws or laws relating to loan security duty on debt facilities may affect the financial performance of the Fund.
- *Litigation.* The Responsible Entity may become involved in unforeseen litigation which could have a material adverse effect on the Fund, its performance and its distributions. If the managers of the Investee Funds become involved in litigation, this may also impact upon the performance of the Fund.
- *Listing.* Although the Fund is currently listed on the ASX, there is no guarantee that the Fund will remain listed.
- *Accounting standards.* Accounting standards may change which may necessitate a change in the accounting policies adopted by the Responsible Entity.



6. RISK FACTORS

- *Availability of information.* The Responsible Entity has made enquiries in relation to each of the Investee Funds, or the funds into which it proposes to invest, including undertaking financial due diligence. The nature and extent of the Responsible Entity's enquiries are limited to information that is publicly available. This means that there is a risk that there may be information which is material to the Investee Funds that is not publicly available and, therefore, not available to the Responsible Entity.

All of the unlisted property trusts are “*unlisted disclosing entities*” for the purposes of Chapter 6CA of the Corporations Act. Under Chapter 6CA, if a trust which is an unlisted disclosing entity becomes aware of information that is not generally available, which is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of units in the trust, and the information has not been included in a product disclosure statement or a supplementary product disclosure statement, then the trust must as soon as possible lodge a document with ASIC containing the information. For the purposes of Chapter 6CA of the Corporations Act, a reasonable person would be taken to expect information to have a material effect on the price or value of units in a trust if the information would, or would be likely to, influence people who commonly invest in securities in deciding whether to acquire or dispose of units in the trust.

The Responsible Entity has searched the documents lodged with ASIC for all of the unlisted property trusts into which it has invested, and has determined that no such information has been lodged by the trusts.

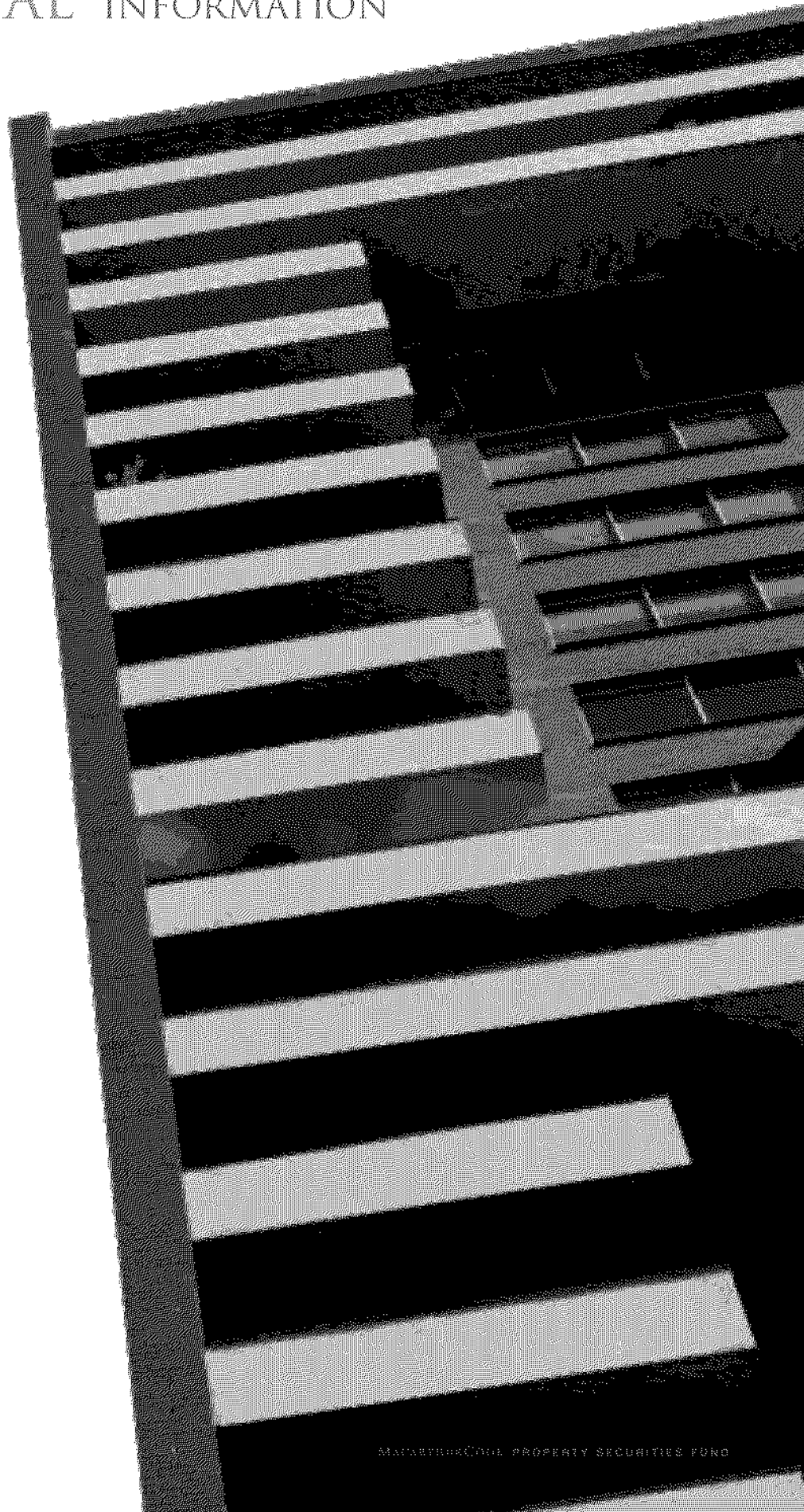
Despite this, there is a risk that an unlisted property trust may not have disclosed all material information to its investors (including the Fund) and, even though this would constitute a contravention of the Corporations Act, it is a matter that is outside the control of the Fund.

General comments on risk

It is important to note that not all risks can be foreseen. It is, therefore, not possible for the Responsible Entity to protect the value of the Unitholder's investment from all risks. Eligible Unitholders and new investors should ensure that they obtain appropriate professional advice regarding the suitability of a further investment in the Fund having regard to their individual circumstances, including their investment objectives, their level of borrowings, their financial situation and individual needs.

Neither the Responsible Entity nor the Lead Manager and Underwriter guarantees the payment of distributions or the performance of the Fund.

7. FINANCIAL INFORMATION



7. FINANCIAL INFORMATION

The following historical and forecast financial information should be read in conjunction with the principal accounting policies referred to in Section 7.5, the assumptions set out in Section 7.4, the sensitivity analysis in Section 7.6 and the risks outlined in Section 6.

7.1 PROFORMA BALANCE SHEETS

The table below sets out the:

- * Audited Statement of Financial Position of the Fund as at 30 June 2005 prepared under current Australian generally accepted accounting principles ("AGAAP") as amended by the impact of adopting AIFRS (a reconciliation between AGAAP and AIFRS can be found at Section 7.2.3);
- * Proforma Balance Sheet of the Fund assuming \$36.24 million is raised under the Offer and incorporating the proforma adjustments outlined in Section 7.2.1 (the "Proforma Balance Sheet Minimum"); and
- * Proforma Balance Sheet of the Fund assuming \$51.69 million is raised under the Offer and incorporating the proforma adjustments outlined in Section 7.2.2 (the "Proforma Balance Sheet Maximum").

The Proforma Balance Sheet Minimum and Proforma Balance Sheet Maximum comprise the "Proformas".

	Audited Statement of Financial Position 30 June 2005 \$'000	Proforma Balance Sheet Minimum¹ \$'000	Proforma Balance Sheet Maximum² \$'000
Assets			
Cash assets	2,878	2,878	2,878
Investments			
– Unlisted Property Trusts ¹	79,827	83,327	83,327
– Listed Property Trusts	14,616	17,594	32,426
Receivables ²	1,644	1,644	1,644
Borrowing costs ³	170	170	170
Total assets	99,135	105,613	120,445
Liabilities			
Payables ⁴	659	659	659
Distribution payable	1,613	1,613	1,613
Deferred settlements	2,448	2,448	2,448
Interest-bearing liabilities	27,300	–	–
Total liabilities	32,020	4,720	4,720
Net Assets	67,115	100,893	115,725
Unitholders' equity	66,229	66,229	66,229
Proceeds of Offer	–	36,240	51,690
Offer expenses	–	(2,462)	(3,080)
Unitholders' equity following Offer	66,229	100,007	114,839
Investment revaluation reserve	267	267	267
Distributable income reserve	619	619	619
Total Unitholders' funds	67,115	100,893	115,725
Number of Units on issue ('000)	70,218	105,403	120,403
NTA per Unit (\$)	0.96	0.96	0.96

1 For the purposes of the Proformas, Unlisted Property Trusts include securities listed on the ASX which, because of their relative illiquidity, behave more like unlisted securities.

2 Receivables include distributions from investments and GST recoverable from the ATO.

3 Borrowing costs represent debt establishment fees and related legal costs which are being written off over 2 years.

4 Payables include interest on borrowings, amounts due to the Responsible Entity and Custodian and other Fund-related expenses.

5 Proforma transactions adopted in preparing the Proforma Balance Sheet Minimum are outlined in Section 7.2.1.

6 Proforma transactions adopted in preparing the Proforma Balance Sheet Maximum are outlined in Section 7.2.2.

7.2 PROFORMA TRANSACTIONS ADOPTED IN PREPARING THE PROFORMAS

7.2.1 Proforma transactions adopted in preparing the Proforma Balance Sheet Minimum

The Proforma Balance Sheet Minimum has been compiled from the Fund's audited statement of financial position at 30 June 2005 as amended by the impact of adopting AIFRS and incorporates the following proforma transactions as if they had taken place at 30 June 2005:

- * the issue of 35.18 million New Units at the Issue Price, raising \$36.24 million;
- * application of \$27.30 million to reduction in borrowings;
- * application of \$4.50 million to Committed Investments;
- * application of \$1.98 million to LPTs (not including \$1.00 million of Committed Investments in LPTs); and
- * estimated issue costs of \$2.46 million being recognised directly in Unitholders' funds as a deduction from the proceeds of the Offer.

7.2.2 Proforma transactions adopted in preparing the Proforma Balance Sheet Maximum

The Proforma Balance Sheet Maximum has been compiled from the Fund's audited statement of financial position at 30 June 2005 as amended by the impact of adopting AIFRS and incorporates the following proforma transactions as if they had taken place at 30 June 2005:

- * the issue of approximately 50.18 million New Units at the Issue Price, raising approximately \$51.69 million;
- * application of \$27.30 million to reduction in borrowings;
- * application of \$4.50 million to Committed Investments;
- * application of \$16.81 million to LPTs (not including \$1.00 million of Committed Investments in LPTs); and
- * estimated issue costs of \$3.08 million being recognised directly in Unitholders' funds as a deduction from the proceeds of the Offer.

7.2.3 Reconciliation between audited Statement of Financial Position as at 30 June 2005 under AGAAP and AIFRS

The only item of difference between the Fund's Statement of Financial Position prepared under AGAAP and one prepared under AIFRS relates to a change in fair value of investments. In accordance with AASB 139 (AIFRS), equities and units in unlisted schemes are expected to be classified as "available-for-sale" measured at fair value and no longer valued at "net market value" using the last sale price net of disposal costs. This has resulted in a reduced value recognised in the Statement of Financial Position as at 30 June 2005 by \$56,000 and a corresponding reduction in net profit in the Statement of Financial Performance for the year ended 30 June 2005.

7. FINANCIAL INFORMATION

7.3 FORECAST INCOME STATEMENTS

The table below sets out the forecast income statements of the Fund for the year ending 30 June 2006 and the half-year ending 31 December 2006 assuming \$36.24 million is raised under the Offer and incorporating the best estimate assumptions outlined in Sections 7.4.1 and 7.4.2.

The Income Statements together comprise the "Forecasts".

The Forecasts have been prepared by the Directors in accordance with the accounting policies set out in Section 7.5 below. The Forecasts represent the Directors' best estimates based on present circumstances and the assumptions listed in Section 7.4 below. Investors should appreciate that many factors which affect results may be outside the control of the Responsible Entity or may not be capable of being foreseen or accurately predicted. Accordingly, actual results may differ from the Forecasts. The material best estimate assumptions are the subject of a report from the Independent Accountant contained in Section 8 titled "The Directors' Forecasts".

Forecast Income Statements¹	Note (see Section 7.4.2)	Year to 30 June 2006 \$'000	Half-year to 31 December 2006 \$'000
Revenue			
Distributions and dividends	(a)	10,320	5,518
Placement Fees	(b)	1,322	915
Interest and other income		49	35
Total revenue		11,691	6,468
Operating expenses	(c)		
Management fees	(d)	525	279
Administration costs	(e)	300	155
Other expenses		50	26
Total operating expenses		875	460
Borrowing costs	(f)	1,302	728
Amortisation of debt establishment costs	(g)	139	70
Net profit		9,375	5,210
Less: Retained income		(122)	(126)
Forecast distribution		9,253	5,084
Forecast distribution to Unitholders (cents per unit)		9.50 ²	4.75
Proportion of distribution tax advantaged		75%	75%

¹ Forecast Income Statements are based on the best estimate assumptions contained in Section 7.4.1 and Section 7.4.2.

² New Units will be entitled to distributions for 3 quarters of the financial year ending 30 June 2006, from 1 October 2005 only.

7.4 MATERIAL BEST ESTIMATE ASSUMPTIONS TO THE FORECASTS

7.4.1 Material best estimate assumptions to the Forecast Income Statements

The Forecast Income Statements have been prepared on the basis of the assumptions contained in Section 7.4.2 together with the assumption that the following transactions occur:

- * the issue of 35.18 million New Units on Allotment at the Issue Price, raising \$36.24 million;
- * application of \$27.30 million to reduction in borrowings;
- * application of \$4.50 million to Committed Investments;
- * application of \$1.98 million to LPTs (not including \$1.00 million of Committed Investments in LPTs); and
- * estimated issue costs of \$2.46 million being recognised directly in Unitholders' funds as a deduction from the proceeds of the Offer.

7.4.2 Material best estimate assumptions applicable to the Forecasts

The Forecasts have been prepared on the basis of the following assumptions:

- (a) Distributions and dividends represent estimates of income to be received from the investments made by the Fund into listed and unlisted property trusts and listed property-related companies.
- (b) Placement Fees represent income receivable by the Fund in relation to Committed Investments. For the year ending 30 June 2006, the majority of the income from Placement Fees has been contractually agreed and the balance represents a best estimate of the Placement Fees that will be received.
- (c) Operating expenses are stated inclusive of GST to the extent it is not recoverable from the Australian Taxation Office ("ATO").
- (d) Management fees are paid to the Responsible Entity at a rate of 0.45% pa (plus GST) of the Fund Value.
- (e) Administration costs include amounts paid to the Responsible Entity to cover accounting and audit fees, compliance costs, custodian fees, unit registry costs, ASX listing fees and general administration costs such as printing and postage of Unitholder communications. Such costs are either supported by quotes from third parties or estimated based on the Responsible Entity's experience of costs incurred by other similar funds.
- (f) Borrowing costs represent debt line fees and interest on borrowings. The interest rate assumed in calculating the interest expense is based on a bank bill swap bid rate of 5.70% plus the bank's margin.
- (g) Amortisation of debt establishment costs represents the "write-off" of costs associated with the establishment of the debt facility. Debt establishment costs include establishment fees, stamp duty (where applicable) and legal fees. These costs are written off over two years in accordance with the accounting policy set out in Section 7.5 below.

7.5 PRINCIPAL ACCOUNTING POLICIES AND NOTES TO THE PROFORMAS AND FORECASTS

A summary of the significant accounting policies which have been adopted and applied in the preparation of the Proformas as set out in Section 7.1 and the Forecasts as set out in Section 7.3, and which will be adopted and applied in preparation of the financial statements of the Fund for the year ending 30 June 2006 and half-year ending 31 December 2006, is set out below.

Basis of preparation

The Proforma Balance Sheets and Forecast Income Statements have been prepared in accordance with the Constitution and AIFRS for the purpose of inclusion in the PDS. The AIFRS accounting policies are considered to be the same as AGAAP, unless otherwise stated.

The Proformas have been prepared on the basis of historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Cash assets

Cash and cash equivalents include deposits at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash on hand at the Responsible Entity's option and are subject to insignificant risk of change in value.

7. FINANCIAL INFORMATION

Revenue

Dividends and distributions are brought to account on the date that the shares or units are traded “ex-dividend” or “ex-distribution”. Interest income is brought to account on an accruals basis as it is earned.

Expenses

Expenses are brought to account on an accruals basis.

Issue costs

All costs related to the issue of New Units are offset against the Offer Proceeds.

Distributions and taxation

Under current legislation, the Fund is not subject to income tax in respect of its net income because its taxable income (including assessable realised capital gains) is distributed in full to Unitholders.

The Fund distributes its distributable income, calculated in accordance with its Constitution and applicable taxation legislation, to the Unitholders who have a present entitlement to the income under the Constitution. Unrealised capital losses are not distributed to Unitholders but are retained in the Fund to be offset against any future realised capital gains.

Investments

Investments predominantly comprise interests in Listed Property Trusts, Unlisted Property Trusts and listed property-related companies. These Investments are classified as “available-for-sale” assets and are measured at fair value with movements in fair value recorded in equity, through the statement of changes in equity until sold, realised or impaired, at which time the cumulative amount in equity is recognised in the income statement.

Units or interests in Unlisted Property Trusts are stated at fair market value, which is either the original acquisition price or updated net asset backing as advised by the relevant responsible entity.

Units in Listed Property Trusts and shares in listed property-related companies are valued at the last quoted bid price as at close of business on the reporting date less an appropriate allowance for costs expected to be incurred in realising the investment. Under AGAAP, such investments were valued at the last quoted sale price less an appropriate allowance for costs expected to be incurred in realising the investments.

Borrowing costs

Costs incurred in the establishment of debt facilities are capitalised and written off over the shorter of the term of the facility or 5 years.

GST

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as an expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a receivable or payable in the Proformas.

Capital participation incentive (Performance Fee)

The Responsible Entity may become entitled to a capital participation incentive (i.e. a Performance Fee) based upon performance criteria assessed on an annual basis. This incentive will be paid, in the first instance, by the conversion of Deferred Units into Units up to the value of the incentive assessed (see Sections 10.6 and 11.2). The fair market value of the Units on conversion, pursuant to the capital participation incentive, will be recognised as an expense in the financial period in which the capital participation incentive entitlement occurs.

7.6 SENSITIVITY ANALYSIS

Investors should be aware that income forecasts may not be met for a variety of reasons. To assist investors in understanding the significance of key assumptions on the forecast returns of the Fund, the table below sets out the effect of a change in assumptions.

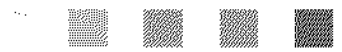
Change in assumption	Impact on Fund earnings ¹ for the year ending 30 June 2006 (cpu)	Impact on Fund earnings ¹ for half-year ending 31 December 2006 (cpu)
1% decrease in distribution and dividend income from investments ²	(0.10)	(0.05)
Maximum \$51.69 million equity raised ^{2,3}	0.15	(0.08)
1% increase in borrowing interest rates ³	(0.19)	(0.10)

¹ Based on the Forecast Income Statements.

² This is based on no changes to other assumptions made in the Forecasts.

³ A change in the opposite direction has the corresponding impact.

Investors should note that the sensitivity analysis is intended to provide a guide only and variations in actual performance may exceed the ranges shown. Movements in other assumptions may offset or compound any one variable beyond the extent shown.



8. INDEPENDENT ACCOUNTANT'S REPORTS





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Chartered Accountants
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 Victoria Australia
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8 August 2005

The Board of Directors
 MacarthurCook Fund Management Limited
 Level 4
 30 Collins Street
 MELBOURNE VIC 3000

INDEPENDENT ACCOUNTANT'S REPORT

Dear Sirs,

We have prepared this Independent Accountant's Report ("report") for inclusion in a Product Disclosure Statement ("PDS") dated on or about 8 August 2005, relating to a non-renounceable Rights Offer to Eligible Unitholders of 35.18 million New Units on a 1 for 2 basis and Public Offer of up to 15 million New Units at the Issue Price of \$1.03 per New Unit in the MacarthurCook Property Securities Fund ("the Fund"). This report is prepared in accordance with AUS 902 "Review of Financial Reports" and PS 170 "Prospective financial information".

Expressions defined in the PDS have the same meaning in this report.

The nature of this report is such that it can be given only by an entity which holds an Australian Financial Services Licence ("AFSL"). Horwath Corporate Advisory (Vic) Pty Ltd ("Horwath") holds the appropriate AFSL (Licence # 222 438) under the *Corporations Act 2001*.

Background

The background to the Offer is outlined in Section 2 of this PDS.

Scope

The directors of the Responsible Entity of the Fund have requested Horwath to prepare a report covering the following information:

- (a) the audited statement of Financial Position of the Fund as at 30 June 2005;
 - (b) the Proforma Balance Sheet Minimum;
 - (c) the Proforma Balance Sheet Maximum; and
 - (d) the proforma transaction adopted in preparing the Proformas,
- collectively referred to as the historical financial information.

The historical financial information contained in statement of Financial Position as at 30 June 2005 has been extracted from the audited financial statements of the Fund which was audited by KPMG who issued an unmodified opinion on the financial statement.

The directors are responsible for the preparation and presentation of the pro forma financial information, which include the pro forma transactions, on which they are based. The pro forma financial information has been prepared for inclusion in the PDS and is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the pro forma financial information to which it relates for any purposes other than for which it was prepared.

Horwath Corporate Advisory (Vic) Pty Ltd is an independent practice. Other Horwath practices operate in each of the nation's financial centres.



Review of Pro Forma Financial Information

Our review of the pro forma financial information was conducted in accordance with the Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered reasonable in the circumstances. These procedures included discussion with the directors and management of the Fund, a review of work papers, accounting records and other documents, a review of the assumptions used to compile the pro forma transactions and a comparison of consistency in application of the recognition and measurement principles prescribed in AGAAP or where relevant AIFRS. These procedures have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:

- (a) the pro forma transactions do not provide a reasonable basis for the preparation of the pro forma financial information; and
- (b) whether, in all material respects, the pro forma financial information is presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Fund disclosed in Section 7.5 of the PDS and the constitution of the Fund dated 13 October 2004 ("the Constitution") so as to present fairly a view of the Fund.

Our review of the pro forma financial information that is based on the pro forma transactions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the forecasts included in the PDS.

Conclusion:

Review Statement on the Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, as set out in Sections 7.1 to 7.3 of the PDS, has not been presented fairly:

- (a) on the basis of the pro forma transactions; and
- (b) in accordance with the recognition and measurement principles prescribed in AGAAP or where relevant AIFRS, and the accounting policies of the Fund disclosed in Section 7.5 of the PDS and the Constitution.

Subsequent events

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Fund have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

Independence or Disclosure of Interest

Horwath does not have any interest in the outcome of this issue other than in the preparation of an Independent Accountant's Report for which normal professional fees will be received.

Yours faithfully

HORWATH CORPORATE ADVISORY (VIC) PTY LTD

A handwritten signature in black ink, appearing to read 'Roger Evans'.

Roger Evans
Director

A handwritten signature in black ink, appearing to read 'John Blight'.

John Blight
Director



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8 August 2005

The Board of Directors
 MacarthurCook Fund Management Limited
 Level 4
 30 Collins Street
 MELBOURNE VIC 3000

THE DIRECTORS' FORECASTS

Dear Sirs,

1. Introduction

This report has been prepared by Horwath Corporate Advisory (Vic) Pty Ltd ("Horwath Corporate Advisory") for inclusion in a Product Disclosure Statement ("PDS") dated on or around 8 August 2005, relating to a non-renounceable Rights Offer to Eligible Unitholders of 35.18 million New Units on a 1 for 2 basis and Public Offer of up to 15 million New Units at the Issue Price of \$1.03 per New Unit in the MacarthurCook Property Securities Fund ("the Fund").

Horwath Corporate Advisory has been requested to prepare a report covering the forecast financial information described in Section 2 of this report and disclosed in the PDS.

Expressions defined in the PDS have the same meaning in this report

2. Pro forma forecast financial information

The directors' financial forecast is set out in Sections 7.3 to 7.5 of the PDS and comprises the forecast income statement of the Fund for the year ending 30 June 2006 and for the six month period ending 31 December 2006.

The directors of the responsible entity of the Fund are responsible for the preparation and presentation of the directors' forecast, including the best-estimate assumptions on which the directors' forecast is based and the sensitivity of the directors' forecast to changes in key assumptions.

The directors' forecast has been prepared by the directors to provide Applicants with an indication of the Fund's potential future financial performance based upon the achievement of certain economic, operating, and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The directors' forecast reflects the directors' best estimate, based on present circumstances, as to both the most likely set of economic, operating and trading conditions and the course of action the Fund is most likely to take. The directors' best-estimate assumptions underlying the directors' forecast are set out in Section 7.4 of the PDS.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of the Fund during the forecast period may vary materially from the directors' forecast, and that variation may be materially positive or negative.

The sensitivity of the directors' forecast to changes in key assumptions is set out in Section 7.6 of the PDS and the risks to which the business of the Fund is exposed are set out in Section 6 of the PDS. Applicants should consider the directors' forecast in conjunction with the analysis in those sections.

The directors' forecast is presented in an abbreviated form insofar as it does not include all of the disclosure required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Horwath Corporate Advisory (Vic) Pty Ltd is an independent practice. Other Horwath practices operate in each of the nation's financial centres.



3. Review of Directors' forecast and Directors' best-estimate assumptions

We have reviewed the directors' forecast for the Fund, set out in Section 7.3 of the PDS, and the directors' best-estimate assumptions underlying the directors' forecast, set out in Section 7.4 of the PDS, in order to report whether anything has come to our attention which causes us to believe that:

- The directors' best-estimate assumptions, when taken as a whole, are not reasonable grounds for the preparation of the directors' forecast;
- The directors' forecast is not properly compiled on the basis of the directors' best estimate assumptions or presented fairly in accordance with the recognition and measurements principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Fund disclosed in Section 7.5 of the PDS; and
- The directors' forecast itself is unreasonable.

Our review has been conducted in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary.

Our review of the directors' forecast and the directors' best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the directors' forecast or the directors' best-estimate assumptions.

4. Review statement on the directors' forecast and the directors' best-estimate assumptions

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The directors' best estimate assumptions, set out in Section 7.4 of the PDS, when taken as a whole, do not provide reasonable grounds for the preparation of the directors' forecast;
- The directors' forecast, set out in Section 7.3 of the PDS, is not properly compiled on the basis of the directors' best-estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Fund disclosed in Section 7.5 of the PDS; and
- The directors' forecast itself is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of the Fund. If events do not occur as assumed, actual results achieved by the Fund may vary significantly from the directors' forecast. Accordingly, we do not confirm or guarantee the achievement of the director's forecast, as future events, by their very nature, are not capable of independent substantiation.

5. Independence

Horwath Corporate Advisory does not have any interest in the outcome of this issue, other than in connection with the preparation of this report for which normal professional fees will be received. Horwath Corporate Advisory is not the auditor of the Fund or its Responsible Entity.

6. General advice warning

This report has been prepared, and included in the PDS, to provide Applicants with general information only and does not take into account the objectives, financial situation or needs of any specific eligible Applicant. It is not intended to take the place of professional advice and eligible Applicants should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an eligible Applicant should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully

HORWATH CORPORATE ADVISORY (VIC) PTY LTD

A handwritten signature in black ink, appearing to read 'Roger Evans'.

Roger Evans
Director

A handwritten signature in black ink, appearing to read 'John Blight'.

John Blight
Director



FINANCIAL SERVICES GUIDE

Horwath Corporate Advisory (Vic) Pty Limited ABN 82 065 203 492 ("Horwath Corporate Advisory") has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

The Corporations Act 2001 requires Horwath Corporate Advisory to provide this Financial Services Guide ("FSG") in connection with its provision of a report ("Report") that is included in a document ("Disclosure Document") provided to members by the company engaging Horwath Corporate Advisory to prepare this report. The FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

The matters covered by the FSG include:

- who Horwath Corporate Advisory is and how to contact Horwath Corporate Advisory;
- what services Horwath Corporate Advisory is authorised to provide;
- how Horwath Corporate Advisory, staff and associates are remunerated in relation to general financial product advice;
- any relevant associations or relationships; and
- Horwath Corporate Advisory's complaints handling procedures and how you may access them.

The financial services Horwath Corporate Advisory is licensed to provide

Horwath Corporate Advisory holds Australian Financial Services Licence No. 222 438 authorising it to provide financial product advice to wholesale and retail clients on securities and interests in managed investment schemes.

Horwath Corporate Advisory provides general financial product advice by virtue of an engagement to issue the Report in connection with a financial product of another entity. The Report includes a description of the terms and circumstances of our engagement and identifies the entity that has engaged us. You have not engaged us directly but you will be provided with a copy of the Report as a security holder of the entity as a result of the circumstances surrounding Horwath Corporate Advisory's engagement to produce the Report.

Horwath Corporate Advisory provides the Report as a financial services licensee authorised to provide the financial product advice contained in the Report.

General financial product advice

Horwath Corporate Advisory's Report provides only general financial product advice. Horwath Corporate Advisory's Report does not provide personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

Before you act on this general advice you should consider the appropriateness of the advice having regard to your own objectives, financial situation and needs. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Payments to Horwath Corporate Advisory for services provided

Horwath Corporate Advisory charges fees for providing reports. The fees are agreed and paid by, on either a fixed fee or time cost basis and paid by the entity that engages us to provide a report.

Except for the fees referred to above, neither Horwath Corporate Advisory, nor any of its directors, employees or related entities receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of a report.



Remuneration or other benefits received by our employees

All Horwath Corporate Advisory employees and directors receive salaries, bonuses and other benefits from Horwath Corporate Advisory. Any bonuses paid by Horwath Corporate Advisory to employees are based on overall productivity and are not directly connected with any engagement for the provision of a report.

Referrals

Horwath Corporate Advisory does not pay commissions or provide any other benefits to any person for referring clients to us in relation to the reports that we are licensed to provide.

Associations and relationships

Horwath Corporate Advisory is wholly owned by, and operates as part of the professional advisory and accounting practice of, Horwath Melbourne. Horwath Corporate Advisory directors may be partners in the Horwath Melbourne Partnership.

From time to time Horwath Corporate Advisory and/or its related entities may provide professional services, including audit, taxation and financial advisory services, to financial product issuers in the ordinary course of business.

Independence

Horwath Corporate Advisory is independent of the entity that engages it to provide a report. The guidelines for independence in the preparation of reports are set out in Practice Note 42 issued by the Australian Securities Commission (the predecessor to the Australian Securities & Investments Commission) on 8 December 1993.

Horwath Corporate Advisory operates independently of the interstate members of Horwath International in Australia.

Complaints resolution

As the holder of an Australian Financial Services Licence, Horwath Corporate Advisory is required to operate a system for handling complaints from persons to whom Horwath Corporate Advisory provides financial product advice. Any complaints can be made, in writing, addressed to Vin Brown, Horwath Corporate Advisory (Vic) Pty Ltd, Level 30, 525 Collins Street, Melbourne, Victoria, 3000.

Upon receipt of a written complaint the matters raised will be investigated and as soon as practicable the complainant will be advised in writing of Horwath Corporate Advisory's determination.

A complainant not satisfied with the outcome of the above process, or Horwath Corporate Advisory's determination, has the right to refer the matter to Financial Industry Complaints Service Limited ("FICS") on 1300 78 08 08. FICS is an independent company established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting FICS directly at the address set out below:

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007

You can also contact the Australian Securities and Investments Commission (ASIC) on 1300 300 630 to make a complaint or obtain information about your rights.

If you believe your privacy has been compromised, please contact us immediately. We will respond to all complaints within two (2) days and aim to have them resolved within ten (10) days. Where this is not possible, you will be contacted and advised when it is likely your complaint will be resolved.

Additionally, you are entitled to contact the Privacy Commissioner if you believe there has been an interference with your privacy. The Office of the Federal Privacy Commissioner can be contacted on 1300 363 992 or privacy@privacy.com.au

Horwath Corporate Advisory contact details:

525 Collins Street, Melbourne 3000
GPO Box 4736, Melbourne 3001
Victoria Australia
Tel 03 8320 2222
Fax 03 8320 2200
Email vin.brown@horwath.com.au
www.horwath.com.au



9. TAXATION REPORT





Horwath (Vic) Pty Ltd
 ABN 82 065 203 492
Chartered Accountants
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 Victoria Australia
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8 August 2005

The Board of Directors
 MacarthurCook Fund Management Limited
 Level 4,
 30 Collins Street
 MELBOURNE VIC 3000

Dear Sirs,

MACARTHURCOOK PROPERTY SECURITIES FUND TAXATION REPORT

We present to you our Taxation Report ("the Report") for inclusion in the Product Disclosure Statement ("PDS") in relation to the proposed Rights Offer and Public Offer in the MacarthurCook Property Securities Fund ("the Fund") by MacarthurCook Fund Management Limited ("the Responsible Entity") to be dated on or about 8 August 2005.

Our Report provides a broad overview of the Australian taxation consequences for the Fund and Australian resident Unitholders of the Fund. We also comment briefly on the taxation implications to non-resident Unitholders.

As the taxation consequences for investors can vary according to their individual circumstances, we recommend that Investors seek their own taxation advice.

In presenting this Report, we have assumed that the Fund's activities will be carried out in the manner as described in the PDS and the Constitution. We have relied upon facts as set out in the PDS and these have not been independently reviewed or verified by Horwath (except as noted by the Independent Accountant's Report within Section 8 of this PDS).

Background

This Report is based on the following assumptions:

1. Terms in this Report have the same meaning as in the PDS;
2. Subject to assumption 6 below, the Fund's activities are carried out as described in the PDS and the Constitution;
3. Unitholders in the Fund will hold their Units on capital account and not revenue account or as trading stock and will be assessed under the capital gains tax provisions on transferring their interest in Units in the Fund;
4. The Fund itself can undertake direct borrowings as outlined in the PDS;
5. The Fund will invest primarily in listed and unlisted property funds and other property related securities;
6. Unitholders will be "presently entitled" to all of the taxable income derived by the Fund; and
7. Unitholders of the Fund are not under any legal disability.

Horwath Corporate Advisory (Vic) Pty Ltd is an independent practice. Other Horwath practices operate in each of the nation's financial centres.

Taxation of the Fund

Taxation status of the Fund

The Fund will not be a “public trading trust” for the purposes of the *Income Tax Assessment Act 1936* (“ITAA 1936”), provided the business of the Fund consists wholly of investments in unit trusts and other securities. Accordingly, the public trading trust provisions will not apply to tax the Fund as a company and the Fund will instead be taxed on a “flow-through” basis.

This means that the Fund should not be subject to tax on its taxable income provided the Unitholders will be presently entitled to all of the taxable income of the Fund. We note that the Responsible Entity (as the Fund’s trustee) may be liable to pay tax on behalf of Unitholders who are under a legal disability or Unitholders who are non-residents of Australia (see below).

Investments of the Fund

The Fund should hold its investments on capital account and not revenue account as the buying and selling of investments in unit trusts will be infrequent and not according to any perceived pattern or criteria. On this basis, the disposal of investments will result in a capital gain or loss (assessable to Unitholders upon distribution). Where the Fund receives distributions that have a tax advantaged component from a unit trust investment, the cost base of the investment may be reduced by the corresponding amount of the tax advantaged component (see below).

Trust losses

Should the Fund incur a net loss in a particular year, the loss will remain in the Fund and cannot be distributed to Unitholders. The Fund may however take the loss into account in determining its own taxable income in a subsequent year, provided the trust loss provisions are satisfied.

Rights Offer and Public Offer of New Units

There should not be any CGT implications to the Fund arising under the Rights Offer or the issue of New Units under the Public Offer. Ordinarily, the granting of a right should trigger CGT event D1 under the *Income Tax Assessment Act 1997* (“ITAA 1997”). CGT event D1 happens where you create a legal or equitable right in another entity. However, CGT event D1 does not happen where the trustee of a unit trust issues units in the trust or grants an option to acquire units in the trust. Accordingly, CGT event D1 should not apply to the issue of the Rights or New Units.

Taxation of Unitholders

The tax treatment of Unitholders will depend on whether the Unitholder is a resident or non-resident of Australia for tax purposes.

Taxation implications for resident Unitholders

Assessability of distributions from the Fund

Distributions of the Fund may include:

- an assessable income component;
- a capital gain component (including a CGT concession component); and
- a tax advantaged component.

Australian resident Unitholders will be assessed on their share of the taxable income of the Fund to which they are presently entitled.



Assessable income component

The assessable income component, as advised by the Fund on an annual basis, should be included in a Unitholder's assessable income in the year to which the distribution relates. Individual Unitholders will generally be subject to Australian tax on distributions at their marginal tax rate plus Medicare levy. Company and superannuation fund Unitholders will be subject to Australian tax on distributions at their respective rates (being currently 30% for companies, 15% for complying superannuation funds and 47% for non-complying superannuation funds).

Capital gains component

Any taxable capital gain made by the Fund upon the disposal of investments will be distributed to Unitholders and will be assessable to the Unitholders. If the CGT discount is applicable to the Fund, the Unitholder must gross-up the capital gain for the amount of the discount. Depending upon their circumstances, the Unitholder may then apply the discount capital gain percentage applicable. Where the Unitholder is an individual or a trust, the discount percentage is 50%. For superannuation funds, the discount percentage is 33%. No discount is available for companies.

Tax-advantaged income

Unitholders may receive cash distributions from the Fund that exceed the taxable income of the Fund. The component of the excess is referred to as the "tax-advantaged component" and arises due to:

- Tax depreciation deductions;
- Capital works deductions;
- Establishment cost write-offs; and
- Borrowing cost write-offs.

Tax-advantaged amounts will also be received by the Fund from its investments in other trusts and the Fund will be able to pass these amounts to Unitholders.

Tax-advantaged amounts are not assessable to Unitholders, however the cost base of the Units must be reduced by the amount of the tax-advantaged component. Where the cost base of Unitholder's Units is reduced to nil, any further tax-advantaged distributions received will be assessable as capital gains.

Disposal of Units in the Fund

A capital gain or loss may arise on the disposal or redemption by a Unitholder of their Units in the Fund. Where the proceeds received from disposal of the Unit exceed the Unitholder's cost base in the Units, a capital gain will arise and will be assessable to the Unitholder. The CGT discount may apply to reduce the amount of the capital gain where the Unitholder is an individual or a trust and the Units have been held for at least 12 months.

Where the capital proceeds from disposal are less than the cost base of the Units, a capital loss is triggered. A capital loss cannot be offset against assessable income but may be offset against other capital gains in the current or future income years.

Summary

The following table illustrates the overall tax consequences for an Australian resident taxpayer that is an individual.

The analysis assumes:

- The annualised forecast distribution yield for the Forecast Period is 9.22%;
- The proportion of tax advantaged income associated with the Fund's distributions will be 75% for the Forecast Period;
- Unitholders are Australian resident individuals;
- All Units are sold after having been held for at least 12 months at the Issue Price of \$1.03 and therefore the 50% CGT concession is available;
- There is no time value for money.

These assumptions are based on information provided to us by the Responsible Entity and we do not provide any assurance or guarantee over the projected performance of the Fund.

Marginal Tax Rate	48.5%	31.5%	16.5%
Forecast Period annualised distribution yield	9.22%	9.22%	9.22%
After tax yield benefit	1.68%	1.09%	0.57%
Equivalent pre-tax yield	12.48%	10.81%	9.91%

The "after tax yield benefit" is the after-tax benefit that arises due to the non-assessability of the tax advantaged component but reduced by the tax effect of the erosion to the cost base of the Units.

The forecast distribution yield, together with the after-tax yield benefit, would result in an "equivalent pre-tax yield" of 12.48% in the 2005/06 year for investors subject to tax at the highest marginal tax rate (48.5%). The equivalent pre-tax yield is the equivalent yield for an investment which does not distribute tax advantaged income.

Taxation implications for non-resident Unitholders

For non-resident Unitholders, the Responsible Entity is liable to pay tax on behalf of the Unitholder at the tax rates applicable for non-residents. The Responsible Entity will fund the tax liability by withholding the appropriate amount from the distributions paid to non-resident Unitholders and remitting this amount to the Australian Taxation Office.

Where the non-resident Unitholder lodges an income tax return in Australia, taxes paid by the Responsible Entity on behalf of the Unitholder may be claimed to reduce the tax liability of the non-resident.

Disposal of Units in the Fund

Where a non-resident Unitholder disposes of Units in the Fund, Australian capital gains tax will generally not apply provided that the non-resident, together with their associates, did not hold 10% or more of the issued Units in the Fund at any time during the last 5 years prior to the disposal.

We note that in the 2005/06 Federal Budget, the Federal Treasurer announced changes to the taxation of capital gains of non-residents of Australia. Relevantly, capital gains made by non-residents in relation to indirect interests in Australian real property may be subject to Australian CGT. Legislation bringing about these changes is yet to be released and further specific comments on the impact of these changes to non-resident Unitholders must be deferred until the legislation is released.



Distribution Reinvestment Plan

Under the PDS, Unitholders may choose to reinvest distributions back into the Fund. For taxation purposes, Unitholders will be assessed on the distribution in the same way regardless of whether the Unitholders receive their distribution in cash or whether the Unitholder chooses to reinvest the distribution.

The reinvested distribution will form part of the cost base of the New Units for the purposes of CGT.

Rights Offer

There should be no CGT implications to existing Unitholders upon their receiving Rights to acquire New Units in the Fund under the Rights Offer.

The Rights will be a CGT asset to the Unitholders deemed to have been acquired at the time the original Units were acquired. As the Rights are non-renounceable, they are unable to be disposed of or transferred to another person. Where the Rights are exercised and the Unitholder subscribes for New Units in the Fund pursuant to the Rights Offer, no capital gain or loss upon the exercising of the Right will arise. The New Units issued will have a cost base equal to the consideration paid plus any incidental costs of acquisition. The New Units acquired will be subject to the CGT provisions in the usual way. Where the Rights are not exercised, no capital gain or loss should arise upon the Rights lapsing as the Rights are issued for no consideration.

Tax File Number or Australian Business Number

Unitholders must provide a tax file number ("TFN") or, for taxpayers that carry on a business, an Australian Business Number ("ABN") to the Responsible Entity. Where a Unitholder does not quote their TFN or ABN, the Responsible Entity may be required to withhold tax from their distributions at the highest marginal rate (i.e. 48.5%).

Goods and Services Tax ("GST")

GST paid on expenses incurred by the Fund will generally not give rise to any input tax credits. This is because the investment activities of the Fund are financial supplies and therefore input-taxed.

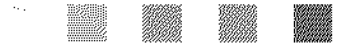
Certain expenditures of the Fund, however, will be subject to reduced input tax credits ("RITC"). This means that 75% of the GST paid can be claimed notwithstanding that the expenditure relates to an input-taxed supply. For instance, brokerage fees and management fees charged to the Fund may qualify for RITC treatment.

Unitholders will not be required to charge GST on disposal of Units in the Fund. Similarly, Unitholders will not be able to claim any GST on expenses incurred in acquiring Units in the Fund, although, for Unitholders who are registered for GST, the RITC may apply.

Conclusion

We reiterate that Unitholders should seek tax advice relevant to their particular circumstances. The advice provided in this Report is of a general nature only and should not be relied upon by existing or prospective Unitholders.

Taxation laws do change from time to time and case law interpretation of the law is subject to variation. Accordingly, Unitholders should note that this Report is based on taxation laws as they currently stand and that statutory enactments or case law handed down in the future may affect its correctness.



In providing this report Horwath does not in any way endorse the investment or recommend participation in the Fund by any particular potential Unitholder. Horwath gives no assurance or guarantee in respect of the successful operational performance of the investment described in the PDS and any related material.

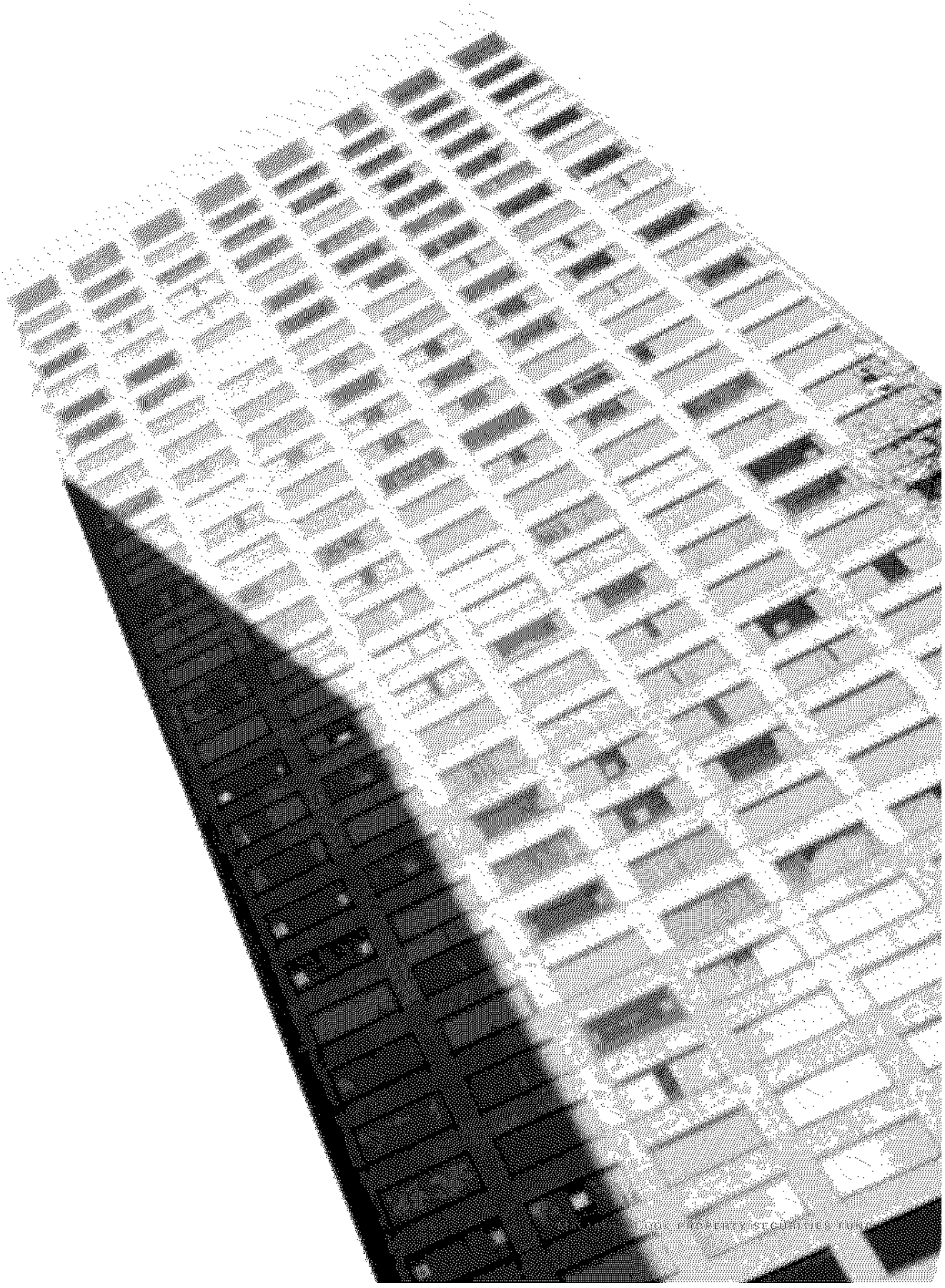
Yours faithfully

Michael Selth

Director

Horwath (Vic) Pty Ltd

10. FEES AND EXPENSES



10. FEES AND EXPENSES

Set out in this Section are the fees and expenses associated with the Offer and the ongoing operation of the Fund, all of which are deducted before distributions are paid to Unitholders. Investors should read all of the information about fees and expenses, as it is important to understand their impact on any investment in the Fund.

10.1 EXPENSES OF THE OFFER

The expenses of the Offer have been prepared based upon a capital raising of \$36.24 million under this PDS.

The expenses of the Offer are exclusive of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the expense.

Fee	Amount	Received by	Paid by
Lead Manager and Underwriter's fee	4% of the Offer Proceeds	Macquarie Equity Capital Markets Limited	The Fund, out of the Offer Proceeds
Handling fee	1.5% of the Offer Proceeds (subject to a maximum of \$2,000 per Application)	Brokers to the Offer	The Fund, out of the Offer Proceeds
Investment facilitation fee (in respect of arranging and conducting due diligence on the Offer and this PDS)	\$230,000	MacarthurCook Limited	The Fund, out of the Offer Proceeds
Document services fee (for review of documents in connection with the Offer, the underwriting of the Rights Offer and this PDS)	\$65,000	MacarthurCook Limited	The Fund, out of the Offer Proceeds
Other Offer costs	Estimated at \$367,500	Various, including ASIC, ASX, printers, providers of professional services, non-recoverable GST, etc	The Fund, out of the Offer Proceeds

10.2 TABLE ON FEES AND EXPENSES

The table below shows the fees that may be charged to the Fund. Investors should read all of the information about fees and expenses, as it is important to understand their impact on any investment in the Fund. All fees and expenses shown are exclusive of GST.

Type of fee or cost	Amount	Received by	Paid by	When paid
Fees when your money moves in or out of the Fund				
Establishment fee: This is the fee to set up your initial investment.	Nil	N/A	N/A	N/A
Contribution fee: This is the fee for the initial and every subsequent investment you make.	Nil	N/A	N/A	N/A
Withdrawal fee: This is the fee for each withdrawal you make (including any instalment payments and your final payment).	Nil	N/A	N/A	N/A
Termination fee: This is the fee when you finally close your investment.	Nil	N/A	N/A	N/A
Fees for managing the Fund				
Administration costs: The fees and costs for operating the Fund. They include administration and other fees charged by the Responsible Entity, distribution costs and other expenses incurred in operating the Fund (see Section 10.3).	(See Other expenses in Section 10.3)	Service providers including the Responsible Entity	The Fund	As incurred
Investment costs: The fees and costs for investing the assets. They include fees charged by the Responsible Entity, fees paid to external investment managers and other expenses incurred in investing the assets (excluding transaction costs) (see Section 10.3).	(See Base management fee in Section 10.3)	Responsible Entity	The Fund	Quarterly
Additional services fees				
Switching fee: This is the fee for when you switch between investment options.	Nil	N/A	N/A	N/A

10. FEES AND EXPENSES

10.3 ADMINISTRATION COSTS AND INVESTMENT COSTS

Fee	Amount	Received by	Paid by	When paid
Base management fee	An annual fee of 0.45% of Fund Value	Responsible Entity	The Fund	Quarterly in arrears
Performance Fee	20% of the Fund's outperformance of the Benchmark calculated at the end of each Financial Year, paid initially via the conversion of Deferred Units to Units. Any previous under-performance must be recovered before a Performance Fee becomes payable. The Performance Fee is also capped (see Sections 10.6 and 11.2).	Responsible Entity	The Fund	Provided that the Responsible Entity determines at the end of a Financial Year that a Performance Fee is payable, immediately upon the completion of the auditor's review of the determination
Reimbursement fee ¹ on replacement of MacarthurCook as Responsible Entity	Subject to the proper performance of its duties, a fee of up to \$2,000,000 if the Responsible Entity is removed as responsible entity of the Fund	Responsible Entity	The Fund	Immediately prior to the Responsible Entity's removal as responsible entity of the Fund
Other expenses	The Responsible Entity's current expectations are that the costs associated with management and administration of the Fund, on an annualised basis, will not exceed 0.20% per annum of Fund Value for the first year of the Fund	Service providers to the Fund, including the Responsible Entity	The Fund	As incurred

¹ Subject to the proper performance of its duties, the sum of \$2 million will be the amount of the reimbursement fee if the Responsible Entity is removed as the responsible entity of the Fund on or before 15 December 2005. The amount of the reimbursement fee which may become payable to the Responsible Entity is reduced by \$400,000 on 16 December each year, so that there will be no reimbursement fee payable if the Responsible Entity is removed as responsible entity of the Fund on or after 16 December 2009.

10.4 SUMMARY OF THE PROVISIONS OF THE CONSTITUTION RELATING TO FEES, EXPENSES AND GST

While the overall effect of fees and expenses on your potential returns is explained in this Section, the terms of the Constitution governing fees for the Fund are complex. Investors who wish to know more on this topic may request access to a copy of the Constitution by calling the Responsible Entity on 1300 655 197.

10.5 REIMBURSEMENT OF EXPENSES

All expenses properly incurred by the Responsible Entity in connection with the Fund are payable or reimbursable out of the assets of the Fund to the extent the Corporations Act allows. This includes promotion expenses for the Fund and underwriters' fees and expenses relating to acquiring the new investments for the Fund, including due diligence. It also includes routine ongoing expenses such as the cost of making new investments and managing them, as well as PDS costs, registry, listing, audit, insurance, compliance costs and other expenses.

10.6 PERFORMANCE FEE

The Responsible Entity will be paid a Performance Fee (which is calculated at the end of each Financial Year) equal to 20% (plus GST) of the dollar value by which the return of the Fund (which provides for the increase in the Market Price of the Units and any distributions of income and capital which have occurred) exceeds the return of the Benchmark for the period commencing on the date when a Performance Fee was last payable or, if no Performance Fee has been payable, the commencement date of the Fund, being 13 October 2004, and ending at the end of the Financial Year where the return of the Fund has exceeded the Benchmark. In calculating the return of the Fund, any Unit consolidations or rights issues will be taken into consideration.

If the return of the Fund does not exceed the Benchmark, no Performance Fee will be paid.

Where the return of the Fund is less than the Benchmark, the underperformance of the Fund in the Financial Year(s) since a Performance Fee was last paid must be recovered before the Performance Fee is payable in any subsequent year.

The Performance Fee is capped at the lesser of \$2 million or 0.50% per annum of the Fund Value (calculated on the Fund Value as at the last day of a Financial Year) for each Financial Year since the Performance Fee was last payable. The Responsible Entity will waive such part of the Performance Fee which exceeds this cap.

When a Performance Fee is payable, it will initially be satisfied by the conversion of Deferred Units into Units. The number of Deferred Units to be converted into the equivalent number of Units each time the Performance Fee is payable will be calculated by dividing the amount of the Performance Fee in respect of a Financial Year(s) by the Market Price of a Unit as at the day on which the Performance Fee becomes payable to the Responsible Entity. Once all of the 2,000,000 Deferred Units on issue have been converted into Units, future Performance Fee entitlements will be paid in cash.

10. FEES AND EXPENSES

Units resulting from the conversion of Deferred Units cannot be sold, transferred or otherwise disposed of until 1 July 2009 (except to a Related Body Corporate of the Responsible Entity), unless the Responsible Entity retires or is removed as the responsible entity of the Fund, in which case the Units can be sold.

When the Responsible Entity determines at the end of a Financial Year that a Performance Fee is payable, the Fee is to be paid immediately upon the completion of the auditor's review of the determination. For information on the Performance Fee payable as at 30 June 2005, please refer to Section 11.2.

10.7 GST

If the Responsible Entity is or becomes liable to pay GST on fees not described in this PDS as GST inclusive, it is entitled to be reimbursed out of the assets of the Fund for the amount of GST.

11. ADDITIONAL INFORMATION





11. ADDITIONAL INFORMATION

11.1 MATERIAL DOCUMENTS

The following sets out a summary of material documents which are relevant to the Fund.

The material documents are:

- * Constitution;
- * Compliance Plan;
- * Custodian Agreement;
- * Underwriting Agreement;
- * Facility Agreement;
- * Primary Fixed and Floating Charge/Secondary Fixed and Floating Charge; and
- * Unit Subscription Agreements.

The summaries in this Section do not explain the effect of every detail in the agreements.

Constitution

Details of the Constitution are set out in Section 5.6.

Compliance Plan

Details of the Compliance Plan are set out in Section 5.6.

Custodian Agreement

The Custodian Agreement between the Responsible Entity and the Custodian sets out the terms of their relationship regarding the Fund. The agreement, which is dated 5 November 2004, provides for the Responsible Entity to direct the Custodian to hold the assets of the Fund as agent for the Responsible Entity.

The Custodian is required to act on instructions from the Responsible Entity and maintain compliance with ASIC Policy Statements 131 and 133 as they apply to third party custodians. The Custodian is indemnified by the Responsible Entity in respect of matters arising out of the Custodian's proper performance of its duties under the Custodian Agreement. The Custodian is liable to the Responsible Entity and to the Fund for any failure to comply with its duty to exercise all due care and to act honestly in good faith without negligence or default in carrying out its obligations under the Custodian Agreement.

The Custodian Agreement may be terminated by either party by giving the other party not less than 60 days notice in writing, by the Responsible Entity immediately on giving notice in writing to the Custodian if the Custodian has acted or omitted to act or intends to act in a manner which, in the opinion of the Responsible Entity, constitutes or is likely to constitute a fraud, negligence, wilful default or breach of the Custodian Agreement, or as otherwise agreed.

Underwriting Agreement

The Responsible Entity has entered into an underwriting agreement dated 8 August 2005 ("Underwriting Agreement") with the Lead Manager and Underwriter under which the Lead Manager and Underwriter has agreed to underwrite the subscription of 35.18 million New Units under the Rights Offer ("Underwritten Units").

Under the Underwriting Agreement, the Responsible Entity must pay to the Lead Manager and Underwriter an underwriting and management fee of 4% of the "Gross Offer Proceeds" (being the number of New Units issued under the Offer, multiplied by the Issue Price).

The fee is payable on the date that the New Units are granted Official Quotation by the ASX.

The Responsible Entity must also pay or reimburse the Underwriter:

- the costs and expenses of and incidental to the Offer, to a maximum of \$30,000;
- all legal costs of the Lead Manager and Underwriter in relation to the Offer; and
- any stamp duty payable in respect of the Underwriting Agreement.

The Responsible Entity indemnifies the Lead Manager and Underwriter, its related bodies corporate and each of their officers, employees and advisers against all claims, demands, damages, losses, costs, expenses, outgoings, payments and liabilities which they incur directly or indirectly as a result of any misstatements or material omissions in the PDS, non-compliance with any law in relation to the Offer, any of the representations or warranties made by the Responsible Entity in the Underwriting Agreement not being true and correct, the distribution of the PDS and the making of the Offer, or any publicity, advertising or announcements of the Offer issued with the knowledge and consent of the Responsible Entity.

If at any time prior to 15 December 2005 the Responsible Entity issues or agrees to issue or indicates in any way that it may or will issue or agree to issue any Units or other securities that are convertible or exchangeable into Units other than pursuant to the Offer, the Underwriting Agreement, a distribution reinvestment, the conversion of Deferred Units to Units or an issue of Units to the MacarthurCook Diversified Property Income Fund as described in this PDS (see page 84), then the Responsible Entity must appoint the Lead Manager and Underwriter to manage and/or underwrite any capital raising in respect of the Fund.

The Underwriting Agreement provides that the Lead Manager and Underwriter may, subject to certain exceptions, terminate its obligation to underwrite the Rights Offer at any time after the Lead Manager and Underwriter becomes aware of any of the following events:

- (a) A statement contained in the PDS is misleading or deceptive (including misleading representations within the meaning of section 769C(1) of the Corporations Act, or a matter is omitted from the PDS that is required to be included under Part 7.9 of the Corporations Act (including having regard to the provisions of sections 1012J and 1013B to 1013K of the Corporations Act);
- (b) The information supplied by or on behalf of the Responsible Entity to the Lead Manager and Underwriter in relation to the Responsible Entity, the Fund, or the Offer is misleading or deceptive;
- (c) Any material statement in the PDS which relates to future matters (including financial forecasts) is or becomes incapable of being met or unlikely to be met in the forecast time;
- (d) There is an adverse change in the assets, liabilities, financial position or performance or prospects of the Responsible Entity and its related bodies corporate (insofar as the position of the related body corporate affects the overall position of the Responsible Entity);
- (e) There is a new circumstance that has arisen since the PDS was lodged and on or before the Allotment Date that would have been required to be included in the PDS if it had arisen before the PDS was lodged in relation to the Responsible Entity or its related bodies corporate, within the meaning of section 1016E of the Corporations Act;
- (f) Hostilities have commenced (whether war has been declared or not) or a major act of terrorism or substantial escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, Japan, Russia or the People's Republic of China;

11. ADDITIONAL INFORMATION

- (g) The S&P/ASX 200 Index of ASX falls by an amount that is 10% or more of the level as at the close of trading on the date of the Underwriting Agreement, and remains at or below that level for a period of three consecutive Business Days prior to the Allotment Date;
- (h) The S&P/ASX 200 Property Trust Accumulation Index of ASX falls by an amount that is 10% or more of the level as at the close of trading on the date of the Underwriting Agreement, and remains at or below that level for a period of three consecutive Business Days prior to the Allotment Date;
- (i) There is introduced, or there is a public announcement of a proposal to introduce, into any State or Federal Parliament of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy which does or is likely to materially adversely prohibit or regulate the Offer, capital issues or stock markets or materially adversely affect the taxation treatment of the New Units;
- (j) There is a change in the board of directors or to the chief financial officer of the Responsible Entity;
- (k) A director of the Responsible Entity is charged with an indictable offence or is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (l) There is a contravention by the Responsible Entity or the Fund of the Corporations Act, the Constitution, or any of the Listing Rules;
- (m) The PDS or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (n) The Fund ceases to be admitted to the Official List, or the Units in the Fund are suspended from quotation on the ASX;
- (o) Approval is refused or approval is not granted which is unconditional or conditional only on customary listing conditions which would not have a material adverse effect on the success of the Offer, to the official quotation of all of the New Units on or before 22 September 2005 or, if granted, the approval is subsequently withdrawn, qualified or withheld;
- (p) The Responsible Entity is prevented from issuing the New Units within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or court order, by ASIC, ASX or any court or governmental or semi-governmental agency or authority;
- (q) The Responsible Entity alters its capital structure or the capital structure of the Fund without the prior written consent of the Lead Manager and Underwriter;
- (r) The constitution or any other constituent document of the Responsible Entity or the Fund is amended without the prior written consent of the Lead Manager and Underwriter, such consent not to be unreasonably withheld;
- (s) Other than as disclosed in the PDS or by the Responsible Entity to the Lead Manager and Underwriter in writing prior to the date of the Underwriting Agreement, the Responsible Entity charges or agrees to charge, the whole, or a substantial part of the business or property of the Responsible Entity or the Fund;
- (t) Any of the following notifications are made:
 - (i) ASIC issues an order under section 1020E of the Corporations Act;
 - (ii) An application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the PDS or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the PDS;

- (iii) A person (other than the Lead Manager and Underwriter) gives a notice under section 1021L(2) of the Corporations Act or any person (other than the Lead Manager and Underwriter) who has previously consented to the inclusion of its name in the PDS (or any supplementary PDS) or to be named in the PDS withdraws that consent;
- (iv) A person gives a notice to avoid committing an offence under section 1021J of the Corporations Act in relation to the PDS;
- (u) Litigation, arbitration, administrative or industrial proceedings are commenced or threatened against the Responsible Entity or a related body corporate of the Responsible Entity after the date of the Underwriting Agreement;
- (v) The Responsible Entity withdraws the PDS or the Offer;
- (w) There is a default by the Responsible Entity in the performance of any of its obligations under the Underwriting Agreement;
- (x) A warranty contained in the Underwriting Agreement on the part of the Responsible Entity is not true or correct;
- (y) The Index Indicator Rate for bonds issued by the Commonwealth of Australia, which have a tenure of either 3 or 10 years, is 1.5% or more above its level as at the close of business on the Business Day immediately before the date of the Underwriting Agreement (as published in the Australian Financial Review on the date of the Underwriting Agreement) and remains at or above that level for 3 consecutive Business Days prior to the Allotment Date;
- (z) The three-year Swap Rate is at any time 50 basis points or more higher than the rate at the close of trading on the Business Day immediately before the date of execution of the Underwriting Agreement;
- (aa) The Responsible Entity or a related body corporate of the Responsible Entity suspends payment of its debts generally;
- (bb) An event of insolvency occurs in respect of the Fund, the Responsible Entity or a related body corporate of the Responsible Entity;
- (cc) A judgment in an amount exceeding \$25,000 is obtained against the Responsible Entity or a related body corporate of the Responsible Entity and is not set aside or satisfied within 7 days.

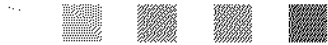
The Lead Manager and Underwriter may not terminate for the events listed in (a), (b), (c), (d), (e), (f), (j), (l), (u), (w), (aa), (bb) or (cc) above unless in the reasonable opinion of the Lead Manager and Underwriter, reached in good faith, the occurrence of such a termination event has or is likely to:

- have a materially adverse effect on the Offer; or
- give rise to a material liability of the Lead Manager and Underwriter under any law or regulation.

Facility Agreement

BOS International and the Responsible Entity have entered into a facility agreement dated 25 February 2005 (as varied by letter dated 15 April 2005) ("Facility Agreement") to govern the terms and conditions upon which BOS International has agreed to provide a total loan facility of up to \$27.5 million to the Responsible Entity to be progressively drawn down to assist with the acquisition of certain investments pursuant to the objects of the Fund.

Interest accrues on each advance from the date of the drawdown for that advance to the scheduled maturity date for that advance. The Responsible Entity must pay interest on each advance at each scheduled maturity date.



11. ADDITIONAL INFORMATION

The term of the facility is 2 years and upon expiry of that 2 year period, unless the Facility Agreement is varied by consent at some later stage, the balance of the loan is to be reduced to nil and the facility is to be terminated. The Responsible Entity will apply the Offer Proceeds to repay outstanding borrowings of \$27.3 million under the Facility Agreement.

Primary Fixed and Floating Charge/Secondary Fixed and Floating Charge

The Responsible Entity and the Custodian have each granted to BOS International charges, registered at ASIC, over all of their assets, undertakings and rights in the Fund as security for the payment of all monies at any time owing by either the Responsible Entity or the Custodian to BOS International.

The Primary Fixed and Floating Charge refers to all rights, title and interest in the Fund located outside of Western Australia, South Australia and Queensland which are charged to BOS International by the Responsible Entity and the Custodian respectively. In contrast, the Secondary Fixed and Floating Charge charges all of the Responsible Entity's and the Custodian's assets and undertakings in the Fund located within Western Australia, South Australia and Queensland to BOS International.

The Responsible Entity's liability under the charges granted by it is appropriately limited to its capacity as responsible entity of the Fund. Similarly, the Custodian's liability under the registered charges is restricted to its capacity as custodian of the Fund only.

Unit Subscription Agreements

Domaine Property Funds Limited

The Responsible Entity has entered into an agreement with Domaine Property Funds Limited ("Domaine"), as responsible entity for the Domaine Hunter Fund ("DHF"), to subscribe for 2,800,000 partly paid ordinary units in the DHF, at a total issue price of \$1.25 per unit.

The Responsible Entity must pay to Domaine the total subscription price of \$3.5 million at various intervals between 30 August 2005 and 15 December 2006.

Under the agreement, Domaine represents to the Responsible Entity that:

- * it has full power to issue the subscription units to the Custodian; and
- * the issue of the subscription units to the Custodian complies with the constitution of the DHF

In consideration of the Responsible Entity agreeing to subscribe for units in the DHF, Domaine must pay the Responsible Entity (on behalf of the Fund) a Placement Fee.

MacarthurCook Office Property Trust

The Responsible Entity has entered into a conditional commitment to acquire a number of units (of up to 19.9% of the units on issue) in the MacarthurCook Office Property Trust (ARSN 114 263 688) (the "Trust"), which is a managed investment scheme of which MacarthurCook is also the responsible entity.

As at the date of this PDS, the Trust has not issued its own product disclosure statement. The Fund's investment in the Trust (which will be on arm's length terms) will be conditional upon the following:

- (a) The Trust satisfying all of the investment guidelines set out in Section 4.9 of this PDS;
- (b) The Fund receiving a report from an independent consultant which confirms that the investment in the Trust is a suitable investment for the Fund to make;

- (c) The responsible entity of the Trust confirming to the Responsible Entity that its application for units at any time will not result in the Custodian holding more than 19.9% of the units on issue in the Trust; and
- (d) The responsible entity of the Trust confirming to the Responsible Entity that the Trust's gearing ratio does not exceed 65%.

Under the agreement, the responsible entity of the Trust, represents that:

- it has full power to issue the subscription units to the Custodian;
- the issue of the subscription units to the Custodian complies with the constitution of the Trust; and
- the subscription units will upon issue to the Custodian be fully paid and registered in the register of unitholders of the Trust in the name of the Custodian.

Subject to the terms of the conditional unit subscription agreement, the number of units to be issued in respect of the Trust, the Corporations Act and the Listing Rules, the Fund's investment in the Trust may be up to \$6.5 million.

The Fund will receive a Placement Fee for its investment in the Trust.

Committed Investments

The Responsible Entity will apply part of the Offer Proceeds to complete the following investments, into which the Fund has committed to invest:

- (a) Investment in the Domaine Hunter Fund on the terms set out on page 78;
- (b) Second instalment of an existing investment in the APN Regional Property Fund (as set out in Section 4.12); and
- (c) Second instalment of an existing investment in the JF US Industrial Trust (as set out in Section 4.12).

11.2 DEFERRED UNITS

Under the Constitution, the Responsible Entity was issued 2,000,000 Deferred Units on 13 October 2004. Each Deferred Unit carries the rights and restrictions set out below.

Distribution

A Deferred Unit carries no right to participate in any distribution from the Fund until it converts to a Unit.

Notices and Voting rights

A Deferred Unit entitles the holder to receive a copy of any notices or other document sent to holders of Units and to attend any meeting of Unitholders.

A Deferred Unit carries no voting rights until it converts to a Unit.

Winding up

A Deferred Unit carries no rights to participation in any distribution or return to Unitholders on the winding-up of the Fund.

Non-transferable

Deferred Units may not be transferred except to a Related Body Corporate of the Responsible Entity. On the conversion of Deferred Units to Units, those Units cannot be sold, transferred or otherwise disposed of (except to a Related Body Corporate of the Responsible Entity) until the earlier of 1 July 2009 or the retirement or removal of the Responsible Entity as responsible entity of the Fund.



11. ADDITIONAL INFORMATION

Conversion of Deferred Units

- (a) The Deferred Units will only convert into new Units on the terms set out in the Constitution.
- (b) On each occasion that a Performance Fee becomes payable to the Responsible Entity, a number of Deferred Units, calculated by dividing the amount of the Performance Fee payable by the Market Price of a fully paid Unit as at the day on which the Performance Fee becomes payable to the Responsible Entity, will automatically convert to new fully paid Units ranking equally with all other fully paid Units on issue.

Following 30 June 2005, the Responsible Entity has determined that it is entitled to a Performance Fee of \$266,320.94 which will convert from a number of Deferred Units calculated in accordance with the formula above to the same number of ordinary Units, upon the completion of the auditor's review of the Responsible Entity's determination, which is expected to occur on or about 15 August 2005.

11.3 RIGHTS ATTACHED TO NEW UNITS

From 1 October 2005, New Units will rank equally with Existing Units in all respects. The rights attaching to all Units in the Fund are set out in the Constitution, which is summarised in Section 5.6.

A summary of the more significant rights attaching to New Units (and all Units) is set out below. This summary is not exhaustive, and Unitholders may inspect a copy of the Constitution, or request a copy of it by contacting the Responsible Entity.

Units

Each Unit confers an equal undivided interest in the Fund.

Voting rights

Each New Unit confers the right to vote at meetings of Unitholders, subject to any voting restrictions imposed on a Unitholder under the Corporations Act or the Listing Rules.

On a show of hands, every Unitholder present in person or by proxy has one vote. On a poll, every Unitholder who is present in person or by proxy has one vote for each dollar of the value of the total interests they have in the Fund.

Income entitlements

Unitholders are entitled to a share in Fund income based on the number of Units held. The New Units will rank equally with Existing Units for distribution of income for the quarter ending 31 December 2005. Unless otherwise decided by the Responsible Entity, the distributable income of the Fund is its net income. Unless distributions are reinvested, they will be paid as the Responsible Entity determines and at least annually. The Responsible Entity may also decide to make an interim distribution of income, or to distribute capital. If the characteristics of a Unitholder (including the number of Units held) causes additional foreign withholding tax to be withheld, the income of that Unitholder will be adjusted to reflect this.

Winding up

Unitholders are entitled to receive a share of Fund assets proportionate to their Holding and adjusted for unpaid amounts if the Fund is wound up. The Fund will be wound up if Unitholders pass an extraordinary resolution for it to be wound up, or if the law requires.

Distribution of capital

The Responsible Entity may distribute capital of the Fund to Unitholders. Any capital will be distributed to Unitholders according to the number of Units held at the time.

Unitholders will be advised by the Responsible Entity of the category and/or source of income allocated to them at the time the distribution is made.

No redemption or repurchase of Units

There is no right to have Units redeemed or repurchased while the Fund is listed on the ASX.

Unitholders' liability

The Constitution states that a Unitholder's liability, in the absence of a separate agreement, is limited to their investment in the Fund. There can be no absolute assurance that the liability of Unitholders will be limited as intended by these provisions as the courts are yet to determine the effectiveness of provisions of this kind. Also see "User pays" below.

User pays

Unitholders are also liable for tax or expenses (known as user pay fees) that the Responsible Entity incurs as a result of a particular Unitholder's request, act or omission.

11.4 INTERESTS OF DIRECTORS AND THE MACARTHURCOOK GROUP

Other than as disclosed in this PDS, no entity within the MacarthurCook Group nor any of the Directors of these entities has any interest (nor has had any interest in the two years before the issue of this PDS) in the promotion of the Fund or in any property proposed to be acquired in connection with the formation or promotion of the Fund. Except for remuneration or reimbursements that have been paid, accrued, or will accrue to the Responsible Entity under the Constitution, no amount has been paid or agreed to be paid to the Responsible Entity for services rendered by it in connection with the promotion or formation of the Fund or for other services rendered in accordance with the Constitution.

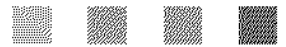
Other than their ordinary remuneration and other entitlements as a director, no Director of the Responsible Entity has been paid or agreed to be paid any amount in cash (or otherwise) to induce them to become or to qualify them as a Director, or for other services rendered in connection with the promotion or formation of the Fund.

The following Directors of the Responsible Entity currently have an interest held either directly or indirectly in Units and will be entitled to participate in the Rights Offer on the same basis as other Unitholders:

Director	Units Held
Richard Haddock	65,204
Craig Dunstan	2,104

The following members of the MacarthurCook Group currently have an interest held either directly or indirectly in Units and will be entitled to participate in the Rights Offer on the same basis as other Unitholders:

MacarthurCook Group Member	Units Held
MacarthurCook Diversified Property Income Fund	97,000
MacarthurCook Fund Management Limited	149,392



11. ADDITIONAL INFORMATION

11.5 CONSENTS AND RESPONSIBILITY STATEMENTS

Written consents to be named in this PDS have been given, and have not at the date of this PDS been withdrawn, by the following parties:

- * Horwath Corporate Advisory (Vic) Pty Ltd has given, and not withdrawn, its written consent to be named in the PDS as Independent Accountant and to the inclusion of the Independent Accountant's Report and the Independent Accountant's Report on the Directors' forecasts in the form and context in which they appear. It has not authorised or caused the issue of this PDS.
- * Horwath (Vic) Pty Ltd has given, and not withdrawn, its written consent to be named in the PDS as tax adviser and to the inclusion of the Taxation Report in the form and context in which it appears. It has not authorised or caused the issue of this PDS.
- * Gadens Lawyers has given, and not withdrawn, its written consent to be named as lawyers to the Offer in the form and context in which it is named, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Gadens Lawyers. It has not authorised or caused the issue of this PDS.
- * Macquarie Equity Capital Markets Limited has given, and not withdrawn, its written consent to be named as Lead Manager and Underwriter to the Offer in the form and context in which it is named, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Macquarie Equity Capital Markets Limited. It has not authorised or caused the issue of this PDS.
- * Sandhurst Trustees Limited has given, and not withdrawn, its written consent to be named as Custodian of the Fund in the form and context in which it is named, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Sandhurst Trustees Limited. It has not authorised or caused the issue of this PDS.
- * KPMG has given, and not withdrawn, its written consent to be named as auditor of the Fund in the form and context in which it is named, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by KPMG. It has not authorised or caused the issue of this PDS.
- * Andrea Waters of KPMG has given, and not withdrawn, her written consent to be named as auditor of the Compliance Plan of the Fund in the form and context in which she is named, but she does not make any statement in this PDS, nor is any statement in this PDS based on any statement by her. Andrea Waters has not authorised or caused the issue of this PDS.
- * Computershare Investor Services Pty Ltd has given, and not withdrawn, its written consent to be named as the Registry in the form and context in which it is named, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Computershare Investor Services Pty Ltd. It has not authorised or caused the issue of this PDS.
- * Each of the managers named in Section 4.10, being APN, Austgrowth, Australian Unity, Centro, Cromwell Corporation, Investa Property Group, James Fielding Funds Management, Lend Lease, MAB, MacarthurCook Fund Management, Macquarie Direct, OFM Investment Group, Property Funds Australia, SAIteysMcMahon and Trinity Consolidated Group has given, and not withdrawn, its written consent to be named as the manager of the relevant property fund listed in Section 4.10 and to the inclusion of their logo in the form and context in which it appears. They have not authorised or caused the issue of this PDS and expressly disclaim and take no responsibility for any statements in, or omissions from, this PDS.
- * Atchison Consultants has given, and not withdrawn, its written consent to the inclusion of the graph in Section 4.6. It has not caused or authorised the issue of this PDS.

11.6 INTERESTS OF PARTIES INVOLVED IN THE OFFER

Except as set out below or elsewhere in this PDS, during the period of 2 years prior to the issue of this PDS:

- (a) No expert or any firm in which any such expert is a partner, has had any interest in:
 - (i) the formation or promotion of the Fund;
 - (ii) any property acquired or proposed to be acquired in connection with its formation or promotion or this Offer; and
 - (iii) this Offer; and
- (b) No amount or benefit, whether in cash, Units or otherwise has been paid or agreed to be paid to any such expert, or any firm in which any expert is a partner, for services rendered by the expert or the firm in connection with the formation or promotion of the Fund or this Offer.

Gadens Lawyers has acted as lawyers to the Offer and has performed work in relation to the preparation of this PDS and performing due diligence enquiries on legal matters. In respect of this work, the Responsible Entity estimates that it will pay amounts totalling approximately \$110,000 (excluding GST and disbursements) to Gadens Lawyers.

Horwath Corporate Advisory (Vic) Pty Ltd has prepared an Independent Accountant's Report and an Independent Accountant's Report on the Directors' forecasts included in this PDS and has also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Fund estimates that it will pay up to \$40,000 (excluding GST and disbursements) to Horwath Corporate Advisory (Vic) Pty Ltd.

Horwath (Vic) Pty Ltd has prepared the Taxation Report included in this PDS and has also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Responsible Entity estimates that it will pay up to \$2,500 (excluding GST and disbursements) to Horwath (Vic) Pty Ltd.

Macquarie Equity Capital Markets Limited has been appointed to act as Lead Manager and Underwriter for the Offer, in respect of which it will receive the fees outlined in Sections 10.1 and 11.1.

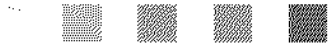
GST is payable by the Fund in addition to the amounts set out above.

11.7 RELATED DEALINGS AND RELATED PARTY TRANSACTIONS

Subject to any statute or rule of law, nothing in the Constitution prevents the Responsible Entity or its Directors (or any entity connected with the Responsible Entity) from entering into transactions with the Fund. The Responsible Entity and its Directors shall, in connection with any such transaction, act in a fiduciary relationship of utmost good faith to all Unitholders.

The Directors and other related parties of the Responsible Entity may hold Units in the Fund from time to time. Where Directors and other related parties of the Responsible Entity acquire Units from time to time, these Units will be acquired on no more favourable terms as for any other Unitholder in the Fund.

The Responsible Entity is a wholly owned subsidiary of MacarthurCook Limited. Craig Dunstan, Richard Haddock, Phillip Anderson and Hugh Gurner, who are directors of the Responsible Entity, are also directors of and have a beneficial interest in MacarthurCook Limited, and will indirectly benefit from any fees derived by MacarthurCook from the Fund.



11. ADDITIONAL INFORMATION

The Fund's investments include the holding of 6,348,400 units in the MacarthurCook Industrial Property Trust, which is a managed investment scheme in respect of which MacarthurCook is also the responsible entity. These units were acquired on an arm's length basis.

As set out in Section 11.1, the Fund intends to acquire a number of units in the MacarthurCook Office Property Trust. This transaction will be conducted on an arm's length basis.

The MacarthurCook Diversified Property Income Fund ("DPIF") is an unlisted, open-ended unit trust with an investment policy of investing approximately 40% of its assets in the MacarthurCook Property Securities Fund. As at 30 June 2005, it held 97,000 Units in the Fund. It is expected that DPIF will acquire additional Units over time, either by way of on-market purchase or through specific placements made by the Fund. Any such placements will be made at the volume weighted average price of Units over the 10 trading days prior to purchase.

The Directors and other related parties of the Responsible Entity may hold units, interests or shares in the property trusts/syndicates and the property-related companies in which the Fund will invest from time to time.

11.8 ENVIRONMENTAL AND ETHICAL CONSIDERATIONS

Whilst the Responsible Entity intends to conduct its affairs in an ethical and sound manner, its investment criteria do not include giving additional weight to labour standards, environmental, social or ethical considerations when making or realising an investment of the Fund.

11.9 NO COOLING-OFF PERIOD

It is important to note that there will not be any cooling-off period in relation to Applications to invest in the Fund. Once an Application has been made it cannot be withdrawn.

11.10 REPORTING REQUIREMENTS AND THE RIGHT TO OBTAIN INFORMATION

The Responsible Entity is a disclosing entity under section 111AC(2) of the Corporations Act and is, therefore, subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the ASX to be continuously notified of information about specific events and matters as they arise for the purpose of the ASX making the information available to the stock market conducted by the ASX. In particular, the Responsible Entity has an obligation under the Listing Rules (subject to certain limited exceptions) to notify the ASX immediately of any information concerning the Fund of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Units in the Fund. All announcements made by the Fund are available from the ASX.

The Responsible Entity is also required to prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a Directors' statement and report and an audit or review report. Copies of documents lodged with ASIC by the Fund may be obtained from, or inspected at, an ASIC office. Further, on request, MacarthurCook will send to Unitholders, free of charge, copies of the following documents:

- * The annual financial report most recently lodged with ASIC by the Fund;
- * The half-year financial report lodged with ASIC by the Fund after the lodgement of the most recent annual financial report; and
- * Any continuous disclosure notices given by the Fund after the lodgement of the most recent annual financial report.

The continuous disclosure notices are not included in or attached to this PDS. A copy of the Constitution, the Underwriting Agreement, the agreements referred to in Section 11.1 and the consents referred to in Section 11.5 may be inspected during usual business hours on Business Days at the office of the Responsible Entity referred to in the Corporate Directory.

11.11 LEGAL PROCEEDINGS

The Responsible Entity is not, and has not been during the 12 months preceding the date of this PDS, involved in any legal or arbitration proceedings which could have a significant effect on the financial position of the Fund or the Responsible Entity. As far as the Directors are aware, no such proceedings are threatened against the Fund or the Responsible Entity.

11.12 DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity has activated the Fund's distribution reinvestment plan, the terms of which are summarised below:

Eligible members

Unitholders who may participate in the distribution reinvestment plan of the Fund ("Plan") comprise Unitholders:

- (a) Whose address, as it appears in the register of Unitholders of the Fund, is situated in Australia; or
- (b) Whose address, as it appears in the register of Unitholders of the Fund is situated outside Australia, provided that the Responsible Entity first approves the participation of such Unitholder (in its absolute discretion).

Application

Unitholders who are eligible to do so may elect to participate in the Plan in respect of all or part of their Units in the Fund.

Subscription price

Units issued to participants under the Plan will be issued at up to a 5.0% discount to the average of the volume weighted average market price of Units on the ASX for each Business Day during the period of 10 Business Days from and including the date on which Units commence trading on an "ex-distribution" basis on the ASX for the relevant period. Existing Units purchased on the ASX under the Plan will be purchased at their market price. The Responsible Entity, in its discretion can either issue new Units or cause existing Units to be acquired in the market for transfer to participants in the Plan.

11. ADDITIONAL INFORMATION

Investment of distributions

In respect of each distribution from time to time due and payable to a participant in respect of the member's Units, the Responsible Entity will, on behalf of and in the name of the participant, subscribe for or purchase Units. The number of Units subscribed for or purchased will be the maximum number of Units which could be acquired by the application of that participant's entitlement to distributions in respect of their Units to the subscription or purchase for Units at the subscription or purchase price.

Ranking of Units

All Units issued under the Plan will rank equally in all respects with Existing Units.

ASX Listing

The Responsible Entity will make application promptly after each issue of Units pursuant to the Plan for quotation of such Units on the ASX.

Variation or termination of participation

The Directors may modify the terms of the Plan or terminate or suspend the Plan by giving written notice to Unitholders participating in the Plan. A participant may terminate or vary their participation by notice in writing to the Responsible Entity.

11.13 PHOTOS USED IN THE PDS

Please note that the photos of buildings set out at the beginning of each Section of this PDS are not photos of the properties described in Section 4. However, each of the photos set out alongside the description of the properties in Section 4.13 of the PDS are photos of each of the properties described.

11.14 AUTHORISATION OF THIS PRODUCT DISCLOSURE STATEMENT

Each of the Directors has consented to the lodgment of this PDS with ASIC and has authorised the issue of this PDS on behalf of the Responsible Entity.

12. GLOSSARY



12. GLOSSARY

The following is a glossary of the terms used in this PDS.

A\$ or \$ or AUD or cents	Australian currency
AFSL	Australian financial services licence
AGAAP	Australian generally accepted accounting principles
AIFRS	Australian equivalent of IFRS
Allotment	The allotment of New Units to Applicants under the Offer
Allotment Date	The expected date of allotment of New Units to Applicants, being 26 September 2005
Applicants	Persons who submit a valid Application Form pursuant to this PDS
Application	An application to subscribe for New Units under this PDS
Application Forms	The application forms attached to this PDS including the Entitlement and Acceptance Form and Public Offer Application Form
Application Monies	Monies received from Applicants in respect of their Applications
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)
ASTC Settlement Rules	The settlement rules made by ASTC
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691) or the market operated by it (as the context requires)
ATO	Australian Taxation Office
Australian Accounting Standards	Accounting standards adopted by the Australian Accounting Standards Board
Benchmark	The S&P/ASX 200 Property Trust Accumulation Index
BOS International	BOS International (Australia) Limited (ABN 23 066 601 250)
Broker Offer	The offer as part of the Public Offer to apply for New Units made to Australian residents who have received a firm allocation from their broker or the Lead Manager and Underwriter
BSX	Bendigo Stock Exchange Limited (ABN 41 087 708 898)
Business Day	A day other than a Saturday or Sunday on which trading banks are open for general banking business in Sydney and Melbourne and the ASX is conducting trading in Sydney and Melbourne
CGT	Capital Gains Tax per Parts 3.1 and 3.3 of the <i>Income Tax Assessment Act 1997</i> (Cth)
CHES	Clearing House Electronic Sub-register System
Closing Date	The last day on which Application Forms will be accepted, being 5.00 pm (Melbourne time) on 19 September 2005 (subject to variation)
Committed Investments	The investments which the Fund is committed to make, as outlined on page 79
Compliance Plan	The Fund's compliance plan dated 13 October 2004
Constitution	The constitution dated 13 October 2004 of the Fund as amended from time to time
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time
cpu	Cents per unit
Custodian	Sandhurst Trustees Limited (ABN 16 004 030 737) as custodian of the assets of the Fund
Custodian Agreement	The agreement between the Responsible Entity and the Custodian dated 5 November 2004

Deferred Units	The deferred units issued on the terms and conditions set out in the Constitution and summarised in Section 11.2
Director(s)	A member of the Board of Directors of the Responsible Entity, either individually or combined as the context requires
Electronic PDS	Has the meaning given to it in the Important Notice section of this PDS
Eligible Unitholder	Unitholders as at 5.00 pm (Melbourne time) on the Record Date with registered addresses in Australia or New Zealand
Entitlement	The entitlement to 1 New Unit for every 2 Existing Units held in the Fund at 5.00 pm (Melbourne time) on the Record Date by persons with registered addresses in Australia or New Zealand
Entitlement and Acceptance Form	The personalised looseleaf form that accompanies this PDS, entitling an Eligible Unitholder to apply for a specified number of New Units under the Rights Offer
Existing Units	Units in the Fund issued pursuant to the initial public offering of the Fund, under the distribution reinvestment plan or those which will convert from Deferred Units, and does not include New Units issued pursuant to the Offer
Facility Agreement	The facility agreement between BOS International and the Responsible Entity dated 23 February 2005 (as varied by letter dated 15 April 2005)
Financial Year	A financial year ending on 30 June in each year
Forecast Period	The period from when New Units commence trading on the ASX to 31 December 2006
Forecasts	The Forecast Income Statements for the year ending 30 June 2006 and the half-year ending 31 December 2006, prepared on the basis that the total proceeds of the Offer are \$36.24 million and other assumptions contained in Section 7.4
Fund	MacarthurCook Property Securities Fund (ARSN 111 442 150)
Fund Value	At any time, means the aggregate of the following at that time as calculated by the Responsible Entity: (a) the Gross Asset Value; (b) the amount of money held in the Trust Fund (to the extent not included in paragraph (a)); and (c) the gross value of any other assets of the Fund (to the extent not included in paragraphs (a) or (b))
Gearing Ratio	The Fund's debt as a percentage of the Fund's gross assets
General Offer	The offer as part of the Public Offer to apply for New Units to persons who are resident in Australia
Gross Asset Value	The sum of the value of the assets of the Fund and any other amounts which should be included for the purposes of making a fair and reasonable determination of the value of the Fund on an undiscounted basis, having regard to generally accepted accounting principles
GST	The goods and services tax as imposed by the GST Act together with any related interest, penalties, fines or other charges
GST Act	<i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i>
Holding	In relation to a Unitholder, means the Units registered in the name of the Unitholder

12. GLOSSARY

IFRS	International Financial Reporting Standards
Ineligible Unitholders	Unitholders that are ineligible to participate in the Rights Offer, being those with a registered address outside Australia or New Zealand at 5.00 pm (Melbourne time) on the Record Date
Investee Funds	The listed and unlisted funds into which the Fund invests
IPO	Initial public offering in respect of the Fund pursuant to a product disclosure statement dated 8 November 2004
Issue Price	The sum of \$1.03 for each New Unit
Lead Manager and Underwriter	Macquarie Equity Capital Markets Limited (ABN 60 001 374 572)
Listing Rules	The official listing rules of the ASX as amended from time to time
Listed Property Trusts or LPTs	Property trusts listed on the ASX and qualifying for inclusion in a S&P/ASX Property Trust Index
MacarthurCook	MacarthurCook Fund Management Limited (ABN 79 004 956 558)
MacarthurCook Group	MacarthurCook Limited and its wholly owned subsidiaries from time to time
MacarthurCook Limited	MacarthurCook Limited (ABN 64 009 110 463)
Macquarie Bank	Macquarie Direct Property Management Limited (ABN 56 073 623 784)
Management Expense Ratio	All fees (excluding Performance Fees), costs and expenses incurred in relation to the management and administration of the Fund divided by the Fund Value.
Market Price	Of a Unit on a Business Day means: (a) the volume weighted average price per Unit for sales of Units on the ASX (excluding any special crossings) for the period of 10 Business Days immediately prior to the relevant Business Day (whether or not the sale was recorded on any particular day); or (b) if: (i) Units in that class have not been officially quoted by the ASX for at least 10 consecutive Business Days before the relevant Business Day; or (ii) in the Responsible Entity's opinion a determination under paragraph (a) of this definition would not provide a fair reflection of the current market value of the Unit, the price per Unit that an independent valuer determines to be the market price of the Unit on the relevant Business Day
New Units	The new Units to be issued under the Offer pursuant to this PDS
Offer	The Rights Offer to Eligible Unitholders to raise \$36.24 million and the Public Offer to investors to raise up to \$15.45 million
Offer Period	The period commencing on the date of issue of this PDS and ending on the Closing Date
Offer Proceeds	The total funds raised under the Offer
Official List	The official list of the ASX
Official Quotation	Official quotation by the ASX of a security
Option	An option granted by the Responsible Entity in respect of unissued Units giving the holder of the Option the right, but not the obligation, to subscribe for Units
pa	Per annum
PDS	This product disclosure statement dated 8 August 2005 including the Application Forms which accompany it

Performance Fee	The performance fee payable to the Responsible Entity by the Fund in accordance with the Constitution
Placement Fees	Fees earned by the Fund from making investments in Investee Funds
Privacy Act	<i>Privacy Act 1988</i> (Cth)
Proformas	The Proforma Balance Sheet Minimum and Proforma Balance Sheet Maximum (collectively, or separately, as the context requires)
Proforma Balance Sheet Maximum	Proforma Balance Sheet as at 30 June 2005 prepared on the basis that total Offer Proceeds are \$51.69 million and other assumptions contained in Section 7.2.2
Proforma Balance Sheet Minimum	Proforma Balance Sheet as at 30 June 2005 prepared on the basis that total Offer Proceeds are \$36.24 million and other assumptions contained in Section 7.2.3
Public Offer	The offer in this PDS to apply for up to 15 million New Units, comprising the Broker Offer and the General Offer (excluding any Shortfall Units)
Public Offer Application Form	The application form that accompanies this PDS enabling an Applicant to apply for New Units under the Public Offer
Record Date	The date for entitlement under the Rights Offer, being 16 August 2005
Register	The register of persons who hold Units, including the relevant CHESS Sub-register and Issuer Sponsored Sub-register established under the ASTC Settlement Rules, but for the purposes of allowing inspection, shall not include any sub-register or supporting material which records the tax file number or other tax attributes of a Unitholder or another person
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Related Body Corporate	Has the meaning given to that expression in the Corporations Act
Responsible Entity	MacarthurCook Fund Management Limited (ABN 79 004 956 558)
Rights	Rights of Eligible Unitholders to subscribe for 1 New Unit for every 2 Existing Units held at 5.00 pm (Melbourne time) on the Record Date
Rights Offer	The non-renounceable offer of 1 New Unit to Eligible Unitholders for every 2 Existing Units in the Fund to raise \$36.24 million
Section	A section in this PDS
Shortfall Units	Units issued under the Rights Offer which are not subscribed for by Eligible Unitholders within the Offer Period, and Rights which belong to Ineligible Unitholders
Underwriting Agreement	The agreement entered into between the Responsible Entity and the Lead Manager and Underwriter on 8 August 2005 under which the Lead Manager and Underwriter agreed to underwrite the Rights Offer
Unit	A fully paid ordinary unit in the Fund, as provided for in the Constitution
Unitholder	The person for the time being registered under the provisions of the Constitution as the holder of a Unit in the Fund and includes persons jointly registered
Unlisted Property Trusts	Property trusts that are not listed on the ASX and which are available for investment by both <i>retail investors</i> and <i>wholesale investors</i> (as defined in the Corporations Act)
Wholesale Direct Property Funds	Property trusts that are not listed on the ASX and which are available for investment only by <i>wholesale investors</i> (as defined in the Corporations Act)

THE MACARTHURCOOK PROPERTY
SECURITIES FUND AIMS TO PROVIDE
STABLE INCOME AND
LONG TERM CAPITAL GROWTH
BY INVESTING IN

QUALITY PROPERTY INVESTMENT FUNDS

MACARTHURCOOK WILL BE

REWARDED FOR OUTPERFORMING

THE S&P/ASX 200 PROPERTY TRUST
ACCUMULATION INDEX

MACARTHURCOOK PROPERTY SECURITIES FUND

93



Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire PDS carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the PDS.

Registry Use Only

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Broker Code

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Adviser Code

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A I/We apply for

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Number of New Units in MacArthurCook Property Securities Fund at \$1.03 per New Unit or such lesser number of New Units which may be allocated to me/us

B I/We lodge full Application Monies

A\$									
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C Individual/Joint applications – refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s)

Surname

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Joint Applicant 2 or Account Designation

--	--	--	--	--	--	--	--	--	--

Joint Applicant 3 or Account Designation

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D Enter your postal address – include State and Postcode

Unit Street Number Street Name or PO Box/Other Information

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City/Suburb/Town

State

Postcode

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--	--	--

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E Enter your contact details

Contact Name

Telephone Number – Business Hours/After Hours

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[		]							
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F CHESS participant

Holder Identification Number (HIN)

X									
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Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the Offer will be held on the Issuer Sponsored subregister.

Cheque details – Make your cheque or bank draft payable to Sandhurst ACF MacArthurCook PSF

G Drawer Cheque Number BSB Number Account Number Amount of Cheque

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A\$

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

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A\$

By submitting this Application Form, I/We declare that I/We have personally received the PDS and this application is completed and lodged according to the PDS and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/We agree to be bound by the Constitution of the Fund. See back of form for completion guidelines

How to complete this form

Units Applied for

Enter the number of New Units you wish to apply for. The application must be for a minimum of 2,000 New Units. Applications for greater than 2,000 New Units must be in multiples of 100 New Units.

Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of New Units by the Issue Price per New Unit.

Applicant Name(s)

Enter the full name you wish to appear on the statement of unit holding. This must be either your own name or name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

Postal Address

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

Contact Details

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

CHES

MacarthurCook Property Securities Fund (the "Fund") will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Fund will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Responsible Entity will not be issuing certificates to Applicants in respect of Units issued. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold New Units issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and upon issue, you will be sponsored by the Fund and allocated a Security holder Reference Number ("SRN").

Payment

Make your cheque or bank draft payable to **Sandhurst ACF MacarthurCook PSF** in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the Applicant(s) should read this PDS to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for New Units in the MacarthurCook Property Securities Fund is upon and subject to the terms of the PDS and the Constitution of the Fund, agrees to take any number of Units that may be issued to the Application(s) pursuant to the PDS and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5.00 pm AEST on 19 September 2005. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 8060

OR

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067

Privacy Statement

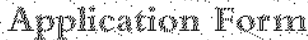
Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers (the "Issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or email privacy@computershare.com.au.

If you have any enquiries concerning your Application, please contact Computershare Investor Services Pty Limited on 1300 132 104.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Units. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual — Use given name(s) in full, not initials	Mr John Alfred Smith	JA Smith
Joint — Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company — Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts — Use trustee(s) personal name(s) — Do not use the name of the trust	Ms Penny Smith (Penny Smith Family A/C)	Penny Smith Family Trust
Deceased Estates — Use executor(s) personal name(s) — Do not use the name of the deceased	Mr Michael Smith (Est John Smith A/C)	Estate of Late John Smith
Minor (a person under the age of 18) — Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith (Peter Smith A/C)	Peter Smith
Partnerships — Use partners' personal name(s) — Do not use the name of the partnership	Mr John Smith & Mr Michael Smith (John Smith & Son A/C)	John Smith & Son
Clubs/Unincorporated Bodies/Business Names	Mrs Janet Smith (ABC Tennis Association A/C)	ABC Tennis Association
Superannuation Funds — Use the name of the trustee of the fund — Do not use the name of the fund	John Smith Pty Ltd (Super Fund A/C)	John Smith Pty Ltd Superannuation Fund



Registry Use Only

1. Identify the problem. 2. Define the problem. 3. Generate solutions. 4. Evaluate solutions. 5. Implement the solution.	6. Monitor and evaluate the solution. 7. Reflect on the process. 8. Communicate the results. 9. Share the experience. 10. Learn from the experience.
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Adviser Code

I/We lodge full Application Monies

Fruit	Number of people
Apple	5
Banana	3
Orange	2
Grape	1

AS .

Surname

A horizontal number line with arrows at both ends. There are 21 evenly spaced tick marks along the line, but no numerical labels are provided.

The diagram illustrates the evolution of a single electron in a 1D lattice. The top row represents the initial state at time $t=0$, where the electron is localized at site 10. The bottom row represents the state at time $t=10$, showing the electron's wavefunction spreading to sites 5 through 15. The spreading is symmetric around the center, with a peak at the center site (site 10).

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Postcode

[illegible]

Response	Percentage
Appropriate	65%
Inappropriate	35%

The diagram shows a rectangular container. On the left side, there is a dashed line. Inside the container, there are three vertical lines.

[illegible]

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x _____

Amount of Cheque

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AS

Amount of Cheque

A\$

By submitting this Application Form, I/We declare that I/We have personally received the PDS and this application is completed and lodged according to the PDS and the declarations/statements on the reverse of this Application Form and I/We declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/We agree to be bound by the Constitution of the Fund. **See back of form for completion guidelines**

How to complete this form

Units Applied for

Enter the number of New Units you wish to apply for. The application must be for a minimum of 2,000 New Units. Applications for greater than 2,000 New Units must be in multiples of 100 New Units.

Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of New Units by the Issue Price per New Unit.

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Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the Applicant(s) should read this PDS to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for New Units in the MacarthurCook Property Securities Fund is upon and subject to the terms of the PDS and the Constitution of the Fund, agrees to take any number of Units that may be issued to the Applicant(s) pursuant to the PDS and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5.00 pm AEST on 19 September 2005. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 8060

OR
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers (the "Issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or email privacy@computershare.com.au.

If you have any enquiries concerning your Application, please contact Computershare Investor Services Pty Limited on 1300 132 104.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Units. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual — Use given name(s) in full, not initials	Mr John Alfred Smith	JA Smith
Joint — Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company — Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts — Use trustee(s) personal name(s) — Do not use the name of the trust	Ms Penny Smith (Penny Smith Family A/C)	Penny Smith Family Trust
Deceased Estates — Use executor(s) personal name(s) — Do not use the name of the deceased	Mr Michael Smith (Est John Smith A/C)	Estate of Late John Smith
Minor (a person under the age of 18) — Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith (Peter Smith A/C)	Peter Smith
Partnerships — Use partners' personal name(s) — Do not use the name of the partnership	Mr John Smith & Mr Michael Smith (John Smith & Son A/C)	John Smith & Son
Clubs/Unincorporated Bodies/Business Names	Mrs Janet Smith (ABC Tennis Association A/C)	ABC Tennis Association
Superannuation Funds — Use the name of the trustee of the fund — Do not use the name of the fund	John Smith Pty Ltd (Super Fund A/C)	John Smith Pty Ltd Superannuation Fund



CORPORATE DIRECTORY

Responsible Entity

MacarthurCook Fund Management Limited
ABN 79 004 956 558
AFS Licence No. 238052

Level 4, 30 Collins Street
Melbourne VIC 3000

PO Box 18070
Collins Street East 8003

Ph: (03) 9660 4555
Fax: (03) 9639 1440

www.macarthurcook.com.au

Custodian

Sandhurst Trustees Limited
Level 1, 410 Collins Street
Melbourne VIC 3000

Lead Manager and Underwriter

Macquarie Equity Capital Markets Limited
Level 9, No. 1 Martin Place
Sydney NSW 2000

Lawyers to the Offer

Gadens Lawyers
Level 25, 600 Bourke Street
Melbourne VIC 3000

Independent Accountant

Horwath Corporate Advisory (Vic) Pty Ltd
Level 30, 525 Collins Street
Melbourne VIC 3000

Tax Adviser

Horwath (Vic) Pty Ltd
Level 30, 525 Collins Street
Melbourne VIC 3000

Fund Auditor

KPMG
KPMG House
161 Collins Street
Melbourne VIC 3000

Compliance Plan Auditor

Ms Andrea Waters
KPMG
KPMG House
161 Collins Street
Melbourne VIC 3000

Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Ph: 1300 850 505



**MacarthurCook Fund
Management Limited**

ACN 179 004 056 663

Level 4
30 Collins Street
Melbourne VIC 3000

Investor Telephone Enquiries
1300 655 197

Website
www.macarthurcook.com.au

Email
mail@macarthurcook.com.au