MACQUARIE COUNTRYWIDE TRUST
ARSN 093 143 965
Product Disclosure Statement

Renounceable Rights Offer
February 2005

MACQUARIE

countrywide

A renounceable rights offer of approximately 382 million Units at $1.85 per Unit by Macquarie CountryWide Management Limited (ABN 46 069 709 468) as responsible entity of Macquarie CountryWide Trust (ARSN 093 143 965)

Joint Lead Managers and Underwriters
Macquarie Equity Capital Markets Limited (ABN 60 001 374 572)
Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832)
Merrill Lynch International (Australia) Limited (ABN 31 002 892 846)

Important notice and disclaimer

Capital and investment returns are not guaranteed

Investments in Macquarie CountryWide Trust (Trust) are not deposits with or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) or of any other entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. None of Macquarie Bank Limited, Macquarie CountryWide Management Limited (Manager) nor any member of the Macquarie Bank Group guarantees any particular rate of return or the performance of the Trust, nor do they guarantee the repayment of capital from the Trust.

ASIC and ASX not liable

The Australian Securities and Investments Commission (ASIC) and Australian Stock Exchange Limited (ASX) take no responsibility for the contents of this PDS.

Information on Offer only in PDS

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

This is not investment advice. You should seek your own financial advice

This Rights Offer does not take into account the investment objectives, financial situation and particular needs of the investor. It is important that you read the entire PDS before making any decision to invest in New Units. In particular, in considering the prospects of the Trust, it is important that you consider the risk factors that could affect the financial performance of the Trust. You should carefully consider these factors in light of your particular investment needs, objectives and financial circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by investors or prospective investors are set out in Section 9.

Forward looking statements

This PDS contains forward looking statements relating to future matters, which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Trust to be materially different from those expressed or implied by such statements. Some of the risk factors that impact on forward looking statements in the PDS are set out in Section 9. Except as required by law and only to the extent so required, neither the Manager nor any other person warrants the future performance of the Trust or any return on any investment made pursuant to this PDS.

Fees

The Manager, as responsible entity of the Trust, and Macquarie Equity Capital Markets Limited, as Sole Bookrunner and Joint Lead Manager and Underwriter of the Offer, are entitled to fees for so acting. Macquarie Bank Limited, the Manager and Macquarie Equity Capital Markets Limited and their associates together with their officers and directors may hold Units from time to time. For a description of fees, refer to Section 10.

Selling restrictions apply

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 Rights Offer or otherwise to permit an offering of the New Units in any jurisdiction outside Australia and New Zealand. Offers of New Units in New Zealand will only be made to persons who are Unitholders on the Record Date or who are not members of the public for the purposes of the Securities Act 1978, as amended. The distribution of this PDS in jurisdictions outside Australia and New Zealand is limited and may be restricted by law. Persons who come into possession of this PDS who are not in Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws. In particular:

- the New Units have not been and will not be registered in the US under the Securities Act of 1933, as amended (US Securities Act) and may not be offered or sold in the US to or for the account or benefit of US persons, as defined in Regulation S of the US Securities Act, except in transactions exempt from registration requirements under the US Securities Act; and
- until 40 days after the commencement of the offering of New Units, an offer of sale or transfer of New Units within the US by any dealer (whether or not participating in the Rights Offer) may violate the registration requirements of the US Securities Act.

Each person who applies for New Units pursuant to this PDS is deemed to agree to the following US and international offering and resale restrictions:

- such Applicant is an Australian or New Zealand citizen or resident, is physically in Australia or New Zealand at the time of such Application and is not acting for the account or benefit of any US person; and
- such Applicant will not offer or sell any New Units in the US to or for the benefit of any US person.

Privacy

The Manager has adopted the Macquarie Bank Group privacy policy. You can obtain a copy of that policy by visiting the Macquarie Bank Group website at www.macquarie.com.au/au/privacy_policy.htm

For an explanation of the privacy aspects of the Rights Offer, refer to Section 11.16.

Financial amounts

All financial amounts contained in this PDS are expressed in Australian currency unless otherwise stated.

Definitions

A number of capitalised words and terms have defined meanings that appear in the Glossary.

Photographs

The assets depicted in photographs in this PDS are assets in which the Trust will have an indirect interest unless otherwise stated.

Further information

Questions relating to the Acquisition and Capital Raising can be directed to the Rights Offer information line on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia, or you can contact your accountant, stockbroker, lawyer or other professional adviser.

Summary of the Rights Offer

Rights Entitlement	6 New Units for every 11 Units held at the Record Date
Issue Price per New Unit	$1.85
Amount to be raised by the Trust under Rights Offer	Approximately $706 million
New Units to be issued under Rights Offer	Approximately 382 million

New Units will rank equally with Existing Units in all respects from Allotment, including distributions accruing from 1 January 2005.

	Actual six month period ended 31 Dec 2004	Adjusted six month period ended 31 Dec 2004[1]	Forecast six month period ending 30 Jun 2005	Forecast year ending 30 Jun 2006
Cash distribution per Unit (cents)[2]	7.40	7.07	7.40	15.45
Cash distribution yield per annum per New Unit[3]	**–**	**–**	**8.00%[5]**	**8.35%**
Cash distribution yield per annum per Unit[4]	–	–	7.31%[5]	7.63%
Total distributions (including foreign tax credits) per Unit (cents)	–	–	7.67	15.84
Total distributions (including foreign tax credits) yield per annum per New Unit[3]	–	–	8.29%[5]	8.56%

	Pre Acquisition	Post Acquisition
Net tangible asset backing per Unit (pro forma)	$1.66[6]	$1.74[7]
Hedged component of net income received in foreign currency	100%	100%
Hedged component of capital investment in foreign currency	100%	100%

(1) The Trust's earnings and distributions per Unit for all prior reporting periods will be adjusted to reflect the bonus element of the Rights Issue, as required by Australian Accounting Standard AASB1027.

(2) Forecast cash distribution is net (ie includes the deduction) of US withholding tax and includes a capital component, refer to Section 6.2.

(3) Based on the Rights Offer Issue Price of $1.85.

(4) Based on the Theoretical Ex-Rights Price, reflecting the theoretical bonus element of the Rights Issue.

(5) Forecast yield on an annualised basis.

(6) Excludes the 31 December 2004 distribution which had not been declared at 31 December 2004.

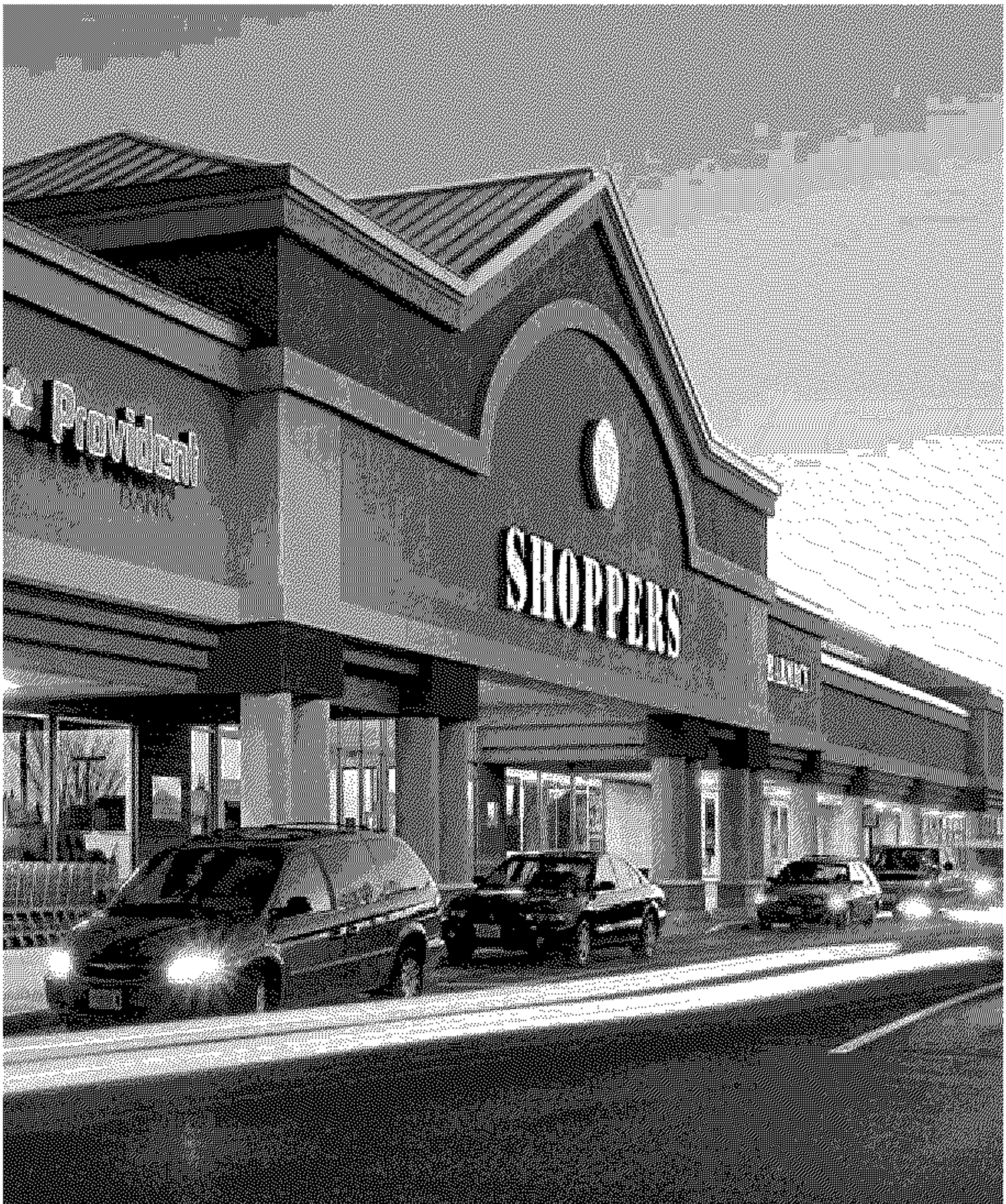
(7) Based on the pro forma Consolidated Statement of Financial Position of the Trust as at 31 December 2004.

All Forecasts have been prepared by the Manager – refer to Section 6 for further information, including assumptions on which the forecasts are based. Refer to Section 7 for further information as to the reasonableness of the assumptions. Refer to Section 9 in relation to risks of investing.

The Manager is seeking to raise approximately $706 million through a renounceable rights offer to Eligible Unitholders as at 5.00pm (Sydney time) on Monday, 21 February 2005.

The Underwriters and the Manager may ignore transactions occurring after announcement of the trading halt in Existing Units on Tuesday, 15 February 2005 (other than registrations of SEATS transactions which occurred before the trading halt or Units to be allotted under the distribution reinvestment plan on Friday, 18 February 2005 which will carry full entitlement) for the purposes of determining entitlements (both under the Institutional Rights Offer and the Retail Rights Offer).

Centre Ridge
Marketplace,
Centreville, VA



Summary of key dates

	Date[1]
Institutional Rights Offer opens	15 February 2005
Institutional Rights Offer closes	16 February 2005
Lodgement of PDS with ASIC	16 February 2005
Institutional Rights Bookbuild and Placement	17 February 2005
Record Date to determine entitlement to participate in Rights Offer	5.00pm 21 February 2005
Retail Rights Offer opens	**25 February 2005**
Latest time for receipt of Entitlement and Acceptance Forms from Eligible Retail Unitholders taking up their Rights under the Initial Allotment[2][3]	**5.00pm 3 March 2005**
Closing Date for receipt of Entitlement and Acceptance Forms for the Final Allotment[2][3]	**5.00pm 11 March 2005**
Allotment of New Units issued under the Initial Allotment	11 March 2005
Expected date for quotation of New Units issued under the Initial Allotment on a normal settlement basis	11 March 2005
Expected date of dispatch of holding statements for New Units issued under the Initial Allotment[4]	15 March 2005
Retail Rights Bookbuild[5]	17 March 2005
Allotment of New Units issued under the Final Allotment	23 March 2005
Expected date for quotation of New Units issued under the Final Allotment on a normal settlement basis	23 March 2005
Expected date of dispatch of holding statements for New Units issued under the Final Allotment[4]	29 March 2005

(1) These dates and times are indicative only and are subject to change. All times are expressed as Sydney time. The Manager, in consultation with the Underwriters, reserves the right to amend any or all of these dates and times subject to compliance with the Corporations Act and Listing Rules. In particular, the Manager reserves the right to extend the Rights Offer, to accept late Applications either generally or in particular cases, to defer the Institutional Rights Bookbuild or the Retail Rights Bookbuild, or to withdraw the Rights Offer without prior notice. The commencement of quotation of New Units is subject to confirmation from ASX.

(2) Entitlement and Acceptance Forms must be received by 5.00pm (Sydney time) on the Closing Date by ASX Perpetual Registrars Limited (Registry), together with a cheque, drawn on an Australian financial institution in Australian currency for the amount of the Application Monies, payable to "Macquarie CountryWide Management Limited – Offer Account" and crossed "Not Negotiable".

(3) Eligible Retail Unitholders have the opportunity to apply for New Units by one of two dates. Applicants who apply for New Units by Thursday, 3 March 2005 will have their New Units allotted on the Initial Allotment Date and will be able to trade those New Units on ASX from that date. Applicants who apply for New Units after Thursday, 3 March 2005 but before the Closing Date will have their New Units allotted on the Final Allotment Date and will be able to trade those New Units on ASX from that date.

(4) Questions relating to any aspect of your individual holding in the Trust should be directed to the Registry on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia.

(5) Comprises Rights not taken up in the Retail Rights Offer.

This PDS is dated 16 February 2005 and was lodged with ASIC on that day.

Your Rights may have value

If you wish to take up your Rights, your Entitlement and Acceptance Form is enclosed and must be forwarded, together with payment, to:

Mailing Address:	or	Delivery Address:
Macquarie CountryWide Trust		Macquarie CountryWide Trust
ASX Perpetual Registrars Limited		ASX Perpetual Registrars Limited
Locked Bag A14		Level 8
Sydney South NSW 1235		580 George Street
		Sydney NSW 2000

If you do not take up all of your Rights, or you are an Ineligible Unitholder, any excess in the price achieved in the Retail Rights Bookbuild over the Issue Price of $1.85 per New Unit will be returned to you[1]:

A = Retail Rights Bookbuild price

B = Issue Price of $1.85 per New Unit

A-B = Value of Rights returned to Unitholders

(1) There is no guarantee that any particular value will be achieved for your Rights. The Retail Rights Bookbuild price may also be higher or lower than the Institutional Rights Bookbuild price.

Chairman's letter

David Clarke
Chairman

Dear Investor

I am pleased to invite you to participate in a renounceable rights offer of New Units in Macquarie CountryWide Trust (Trust) to raise approximately $706 million. This Product Disclosure Statement (PDS) contains details of the Rights Offer which entitles Eligible Unitholders to subscribe for 6 New Units for every 11 Units held on the Record Date at an Issue Price of $1.85 per New Unit. The New Units will rank equally with Existing Units and will be entitled to distributions accruing from 1 January 2005. In conjunction with the Rights Offer, the Manager will undertake a Placement to raise approximately $137 million and intends to underwrite the June 2005 DRP.

The Board is forecasting a distribution of 7.40 cents per Unit for the six months ending 30 June 2005 and 15.45 cents per Unit for the year ending 30 June 2006 and based on the New Unit Issue Price of $1.85, is equivalent to yields of 8.00% and 8.35% per annum respectively.

The proceeds of the Capital Raising will be used to partially fund the Trust's share (approximately $2.4 billion including Acquisition Costs) of the acquisition of indirect interests in 103 shopping centres in the US. The balance of the Trust's funding is to be provided by debt. The Trust's existing US joint venture partner, Regency Centers Corporation, has agreed to establish a new joint venture structure with the Trust to hold the interests in the First Washington Portfolio (refer to Section 11.6.3 for further details).

The Trust is acquiring a portfolio of high quality shopping centres, predominantly weighted towards some of the most attractive markets in the US (Northern and Southern California and Washington, DC/Baltimore area). The Acquisition and Capital Raising are forecast to:

- increase the Trust's exposure to markets with excellent demographics, including high relative population density and high average annual household income levels in surrounding areas;
- after adjusting for the theoretical bonus element of the Rights Issue, increase distributions by 3.47% for the six months ending 30 June 2005 and 5.73% for the year ending 30 June 2006;
- increase NTA per Unit from $1.66 as at 31 December 2004 to $1.74 on a pro forma basis;
- increase the Trust's market capitalisation and index weighting which may in turn improve trading liquidity of the Units; and
- enhance the Trust's status as one of Australia's leading listed property trusts focusing on investments in supermarkets and convenience-based specialty retail property.

Details of the forecasts and the underlying assumptions are set out in Section 6 and the risks of investing are set out in Section 9.

The Acquisition is consistent with the Trust's strategy of predominantly investing in shopping centres anchored by market leading grocery retailers with long term leases. Further, it demonstrates the ability of the joint venture partnership with Regency to deliver earnings enhancing acquisitions.

Also of importance is the Trust's strategy to hedge the expected net income and the capital invested against fluctuations in exchange rates (refer to Section 4.2.1 for further details).

The Trust achieved a total return (income and capital gain) of 33% for the year ended 31 December 2004, and has provided Unitholders with consistently strong returns averaging 19% per annum for the three years ended 31 December 2004, outperforming the S&P/ASX Property 200 Accumulation Index on a one and three year basis.

Your right to acquire New Units may be valuable. For more information on how to take up your New Units or how your Unexercised Rights will be sold through the Institutional Rights Bookbuild or Retail Rights Bookbuild, you should refer to Section 3. The final closing time for receipt of Rights Offer acceptances and payment (if you are an Eligible Retail Unitholder) is 5.00pm (Sydney time) on Friday, 11 March 2005.

I strongly recommend that you carefully read this PDS, which sets out important information about the Rights Offer. If you have any questions in respect of the Acquisition and Capital Raising, please call the Rights Offer information line on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia, or contact your professional adviser.

Yours faithfully

David Clarke

David Clarke, AO
Chairman

Overview of the Acquisition

1.1 Outlined below is a summary of the Rights Offer only, for detailed information refer to the sections listed on the right.

Topic	Summary	Where to find more information – Section(s)
Purpose of the Rights Offer	• To partially fund the Trust's share (approximately $2.4 billion including Acquisition Costs) of the acquisition of indirect interests in 103 shopping centres in the US. The Manager has agreed to establish a new joint venture structure with the Trust's existing joint venture partner, Regency, to hold the interests in the First Washington Portfolio.	2.2, 2.3, 5.1, 5.2, 5.6
What is the Rights Offer?	• Rights Offer of 6 New Units for every 11 Units held on the Record Date to raise approximately $706 million. • Eligible Unitholders who are registered Unitholders as at 5.00pm (Sydney time) on Monday, 21 February 2005 will receive a Rights Entitlement. Your entitlement is renounceable, with Eligible Retail Unitholders able to have their Unexercised Rights sold in the Retail Rights Bookbuild should they decide not to take up their entitlement.	2.4, 2.5
Brokerage	• Taking up or renouncing your Rights will not attract brokerage fees.	
What alternatives are available to Eligible Unitholders?	• Eligible Unitholders can accept the Rights Offer in respect of all, some or none of their Rights. They will be issued one New Unit for each Right they validly accept. • If Eligible Unitholders do not accept the Rights Offer in respect of all of their Rights, their Unexercised Rights will be sold through the Institutional Rights Bookbuild or the Retail Rights Bookbuild (as the case requires). **The Rights will not be able to be traded on ASX or privately transferred.** If Eligible Unitholders do not accept the Rights Offer in respect of all of their Rights, their pro-rata interest in the Trust will be diluted. • Eligible Retail Unitholders may accept the Rights Offer in respect of all or some of their Rights by one of two dates. Applicants who apply for New Units by Thursday, 3 March 2005 will have their New Units allotted on the date of Initial Allotment (currently expected to be Friday, 11 March 2005) and will be able to trade those New Units on ASX from that date. Applicants who apply for New Units after Thursday, 3 March 2005 but before the Closing Date will have their New Units allotted on the Final Allotment Date (currently expected to be Wednesday, 23 March 2005) and will be able to trade those Units from that date.	2.6, 2.7, 3.1, 3.2
Acquisition of an indirect interest in the New Properties	• Binding Acquisition Contracts have been entered into by the Regency Joint Venture to acquire indirect interests in the New Properties, comprising: ◦ 65% of the First Washington Portfolio (101 properties); and ◦ 75% of Bear Creek, California and Heritage Plaza, Illinois (two properties).	2.15, 5.1, 5.2, 6.2, 11.6

Topic	Summary	Where to find more information – Section(s)
Acquisition of an indirect interest in the New Properties (continued)	• The Acquisition Contracts are subject to certain conditions including transfer of title, which include environmental surveys, site surveys and title review. The Acquisition Contracts also include warranties and indemnities, liability limits, certain price adjustment mechanisms and, in limited circumstances, termination rights. In the unlikely event the First Washington Portfolio acquisition contract is terminated, the Rights Offer will be terminated and Application Monies will be returned to investors without interest.	2.15, 5.1, 5.2, 6.2, 11.6
What are the features of the new joint venture?	• A new joint venture LLC will be established in the US to hold the interests in the First Washington Portfolio. • The Trust will own 65% of the equity in the new joint venture LLC and Regency will own the remainder. • A new limited liability company, owned 50% by a Macquarie Bank subsidiary and 50% by Regency, will be contracted and paid in the US to provide portfolio management services to the new joint venture LLC. • Regency will provide property management, leasing, development and other services to the First Washington Portfolio for a 10 year term with two 5 year options to extend. Interim management arrangements are in place with First Washington.	5.6, 10, 11.6.3
What are the significant benefits?	The Acquisition and Capital Raising are expected to provide the following significant benefits: • provide greater exposure to the US market through a high quality portfolio of shopping centres, weighted towards some of the most attractive markets in the US; • increase the Trust's exposure to markets with excellent demographics, including high relative population density and high average annual household income levels in surrounding areas; • after adjusting for the theoretical bonus element of the Rights Issue, increase distributions by 3.47% for the six months ending 30 June 2005 and 5.73% for the year ending 30 June 2006; • increase NTA per Unit from $1.66 as at 31 December 2004 to $1.74 on a pro forma basis; • increase the Trust's market capitalisation and index weighting which may in turn improve trading liquidity of the Units; and • enhance the Trust's status as one of Australia's leading listed property trusts focusing on investments in supermarkets and convenience-based retail property. Details of the forecast financial information and the underlying assumptions are set out in Section 6.	5, 6
What are the potential risks which may be significant?	• The Manager has not been able to conduct full due diligence on the First Washington Portfolio prior to the date of this PDS. The due diligence items yet to be completed predominantly relate to environmental surveys, site surveys and title review (refer to summary of the Purchase and Sale Agreement in relation to the First Washington Portfolio in Section 11.6.2 for more information on due diligence provisions).	4.2, 6.6, 9, 11.6, 11.7

Topic	Summary	Where to find more information – Section(s)
What are the potential risks which may be significant? (continued)	• As is customary for US retail shopping centre property transactions, the Acquisition will be made with only limited representations and warranties about the properties and the entities which own the underlying 101 properties comprised in the First Washington Portfolio. In particular for the Purchase and Sale Agreement relating to the First Washington Portfolio, these representations and warranties are subject to monetary and other limits. There may be an adverse effect on the Trust to the extent that liabilities are not adjusted under the Acquisition Contracts or not able to be recovered from the Sellers under the Acquisition Contracts. • The Purchase and Sale Agreement in relation to the First Washington Portfolio contains provisions whereby the Manager may in certain defined circumstances, terminate the contract and receive a refund of the purchase consideration. In this event, it is unlikely that the Acquisition Costs would be fully recovered, resulting in a loss of capital by the Trust. • The continuance of a significant proportion of the existing loans relating to the First Washington Portfolio are subject to lender consents which will not have been obtained as at the date of this PDS. In the event that lender consents are not obtained, the Manager will be required to seek alternative financing which may be on less favourable terms or may not be available at all (refer to Section 11.7 for a summary of the Debt Facilities). • The Purchase and Sale Agreement in relation to the First Washington Portfolio provides that in the event that the Trust and Regency do not complete the Acquisition of the First Washington Portfolio, other than in narrowly defined circumstances, the Trust will be liable to pay liquidated damages. Potential causes of the Trust and Regency not being able to complete the Acquisition include Regency failing to satisfy its obligations to provide its proportion of the equity funding, the Capital Raising not proceeding, the Trust and Regency not being able to take out debt facilities in time or at acceptable rates. While the Manager has negotiated terms in relation to debt financing, binding facility arrangements have not been entered into at the date of this PDS (refer to Sections 11.6.2 and 11.6.3 for a summary of the Purchase and Sale Agreement and Joint Venture Agreement). • The circumstances in which the Underwriters may withdraw their underwriting of the Offer are not identical to the circumstances in which the Manager is entitled to withdraw from the Acquisition Contract, thus resulting in a risk that the Manager will be required to complete the acquisition of the First Washington Portfolio without being able to rely on the Underwriting Agreement (refer to Section 11.6.1 for a summary of the Underwriting Agreement and Section 11.6.2 for a summary of the Purchase and Sale Agreement).	4.2, 6.6, 9, 11.6, 11.7

Topic	Summary	Where to find more information – Section(s)
What are the potential risks which may be significant? (continued)	• The Purchase and Sale Agreement in respect of the First Washington Portfolio, requires the Trust to pay the Deposit to the Sellers. This amount, which will be secured by a security interest granted by the Sellers, will be placed on deposit in a blocked account with a US financial institution and will earn interest as set out in Section 11.6.2 until it is returned to the Trust or applied towards payment of the Purchase Price. Neither the Trust nor any member of the Macquarie Bank Group guarantees that the above US financial institution will meet its obligations to pay such interest. • The Acquisition will lead to a significant increase in the number of properties co-owned with Regency and to which Regency provides property management and asset management services. A deterioration in the relationship with Regency could adversely affect the performance of the Trust. In addition, Regency's appointment as property manager is only terminable in limited circumstances as set out in Section 11.6.3.3. • Distributions from the Trust may be affected by changes in the US and Australian taxation laws. • Capital and income distributions are not guaranteed. • Unit prices on ASX could fall as well as rise. • The investment in and income from the New Properties are denominated in US dollars. Currency fluctuations could affect your returns (refer to the Trust's foreign currency hedging strategy in Section 4.2.1). • Interest rate fluctuations could affect your returns.	4.2.1, 6.6, 9, 11.6, 11.7
Pre-emptive rights	• The Acquisition will increase the Trust's exposure to co-owned US properties subject to pre-emptive rights which may be activated if the Manager is removed or if there is a change of control of the Trust or Manager. Unlike the pre-emptive rights in relation to the Trust's existing US properties (which allow for the allocation of properties between the joint venture parties relative to their economic interest), under the joint venture arrangements with Regency in respect of the First Washington Portfolio, if control of the Trust or the Manager were to change, Regency also has the right to acquire the Trust's interests in MCWR (which will own the First Washington Portfolio) at fair market value. The Trust may incur taxation and other transaction costs as a result of such an exercise of rights. See the summary of the joint venture agreements with Regency in Section 11.6.3.	9, 11.5, 11.6
What are the key features and terms?	• Retail Rights Offer opens on Friday, 25 February 2005. • Retail Rights Offer closes at 5.00pm (Sydney time) on Friday, 11 March 2005. • All New Units pursuant to the Rights Offer will be issued at the same price. • The price of all the Rights sold under the Institutional Rights Bookbuild will be the same.	Summary of key dates, 2, 3

Topic	Summary	Where to find more information – Section(s)
What are the key features and terms? (continued)	• The price received for all Rights sold under the Retail Rights Bookbuild will be the same, however, that price may be higher or lower than the Institutional Rights Bookbuild price. • New Units issued on the Initial Allotment Date are expected to be quoted on ASX on a normal settlement basis by Friday, 11 March 2005, and New Units issued on the Final Allotment Date are expected to be quoted on ASX on a normal settlement basis by Wednesday, 23 March 2005. • New Units will rank equally with Existing Units and will be entitled to distributions accruing from 1 January 2005.	Summary of key dates, 2, 3
What are the significant tax implications?	• Based on current tax legislation, a US REIT will generally not be subject to US Federal income tax on that portion of the US REIT's taxable income and capital gain which is distributed to its Unitholders. US REIT distributions will however be subject to US withholding tax. • Unitholders are subject to Australian tax on distributions from the Trust. • There may be benefits for Unitholders from foreign tax credits which may be used as a rebate against Australian income tax payable on foreign sourced income of the same class, including income from the Trust. • Unitholders holding more than 10% of the Units in the Trust may be subject to increased withholding tax under the current US/Australia tax treaty. • Investors should consider seeking tax advice prior to investment.	3.6, 6.5.14
Borrowings	• It is proposed to fund 60% of the Acquisition utilising debt funding from US based lenders. • Following the Acquisition, the Balance Sheet Gearing Ratio will be 19.0% and the Consolidated Gearing Ratio of the Trust on a look through basis will be 51.3% (post the sale of five of the New Properties identified for disposal and receipt of the proceeds from the underwritten June 2005 DRP). The gearing ratios may vary due to the provisions in the Acquisition Contracts, refer to Section 11.6.2.	2.3, 4.2.1, 6, 11.7
Foreign exchange	• The Manager will enter into foreign exchange contracts to hedge 100% of the estimated net income from the US investments for a minimum of five years which includes the Forecast Period. • The Manager will hedge 100% of the capital investment by matching foreign currency assets with foreign currency liabilities. • The Manager may use derivatives prior to the Deposit Date, to hedge the proceeds of the Rights Offer and Placement, against movements in the exchange rates between the A$ and US$ up to the Deposit Date.	4.2.1, 6.5.8, 11.12

Topic	Summary	Where to find more information – Section(s)
What are the costs payable by the Trust?	• Refer to Section 10 for a full explanation of the fees and expenses associated with the Acquisition and Capital Raising and the ongoing operation of the Trust. • Subject to the Acquisition and Capital Raising proceeding, for reasons set out in Section 10.3.4, the Manager will reduce its base management fee applicable to the First Washington Portfolio from 0.40% per annum to 0.15% for a period of 18 months from the Deposit Date.	6.5.9 – 6.5.11, 10
Is there any commission payable to financial advisers?	• Financial advisers are entitled to receive a handling fee. • Any handling fees will be paid by the Trust and the anticipated cost has been taken into account when preparing the Forecasts. • There is a maximum $2,000 handling fee for any one Application or aggregate of Applications if a single investor submits more than one Application.	2.16, 10
What is the dispute resolution procedure to deal with Unitholder complaints?	• The Manager provides a complaints handling and dispute resolution process for Unitholders and is a member of an external complaints resolution body.	11.12
Is there a cooling-off period?	• No. There is no cooling-off period for investors in trusts that are listed.	
Does the Manager take into account labour standards, environmental, social or ethical considerations when selecting, retaining or realising investments?	• In view of the nature of property investment, decisions about the selection, retention or realisation of investments in the Trust are primarily based on economic factors. Accordingly, the Manager will not take into account labour standards, or social or ethical considerations in selecting, retaining or realising investments for the Trust. Sometimes, these matters will indirectly affect the economic factors upon which decisions are based. • Environmental considerations, namely potential site contamination issues, will be taken into account by the Manager as part of normal property due diligence in the selection of Trust investments but not otherwise. The Manager does not have a specific methodology for taking such considerations into account.	
How can further information be obtained?	• By reading this PDS in its entirety including the detailed description of the New Properties in which the Trust will acquire an interest. • By speaking to your accountant, stockbroker, lawyer or other professional adviser. • By reading the information regarding the Rights Offer available at www.macquarie.com.au/mcw. • By contacting the Rights Offer information line on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia.	
Contact details	• For further contact details, refer to the corporate directory at the back of this PDS.	

2.1 Overview of the Rights Offer

The Manager is seeking to raise approximately $706 million through a renounceable rights offer (Rights Offer) to Eligible Unitholders as at 5.00pm (Sydney time) on Monday, 21 February 2005 (Record Date). The Manager is offering Eligible Unitholders the opportunity to subscribe for 6 New Units for every 11 Existing Units held on the Record Date (subject to Sections 2.4, 2.5 and 11.5). Eligible Unitholders may subscribe for their Rights Entitlement at the price of $1.85 per New Unit. It is expected that approximately 382 million New Units will be issued under the Rights Offer.

The Rights Offer is structured in four parts:

- the Institutional Rights Offer;
- the Institutional Rights Bookbuild;
- the Retail Rights Offer; and
- the Retail Rights Bookbuild.

Kings Park Shopping Center, Springfield, VA

The Rights Offer is renounceable, with Eligible Retail Unitholders able to have their Unexercised Rights sold on their behalf through the Retail Rights Bookbuild. However, Rights will not be able to be traded on ASX or privately transferred. Details on how Eligible Unitholders will be affected if they renounce their Rights are set out in Section 3.3.

In conjunction with the Rights Offer, the Manager will seek to raise approximately $137 million through the Placement, which will be conducted at the same time as the Institutional Rights Bookbuild. The actual amount raised will depend on the price set under the Institutional Rights Bookbuild and the number of Units the Manager determines to issue under the Placement in its sole discretion.

The Rights Offer and Placement is fully underwritten by the Underwriters subject to certain termination events. Refer to Section 11.6.1 for details of the Underwriting Agreement.

2.2 Purpose of the Capital Raising

The Manager will seek to raise proceeds of approximately $843 million through the Capital Raising (excluding the underwritten DRP) before deducting the Issue Costs. The proceeds of the Capital Raising will be used to partially fund the Trust's share (approximately $2.4 billion including Acquisition Costs) of the acquisition of indirect interests in 103 shopping centres in the US. An overview of the Acquisition is outlined in Section 5. The Trust's existing US joint venture partner, Regency, has agreed to establish a new joint venture structure with the Trust to hold the interests in the First Washington Portfolio. Bear Creek and Heritage Plaza will be owned by the existing Regency Joint Venture.

2.3 Sources and application of funds

Sources of funds	A$m[1]	Application of funds	A$m[1]
Rights Offer	706	Trust's share of New Properties held by the US REIT	2,345
Placement	137	Trust's share of Acquisition Costs	82
Trust's share of borrowings[2]	1,534	Trust's share of debt establishment costs	12
Trust's borrowings for DRP June 2005	85	Issue Costs	23
Total sources	**2,462**	**Total applications**	**2,462**

(1) Assuming an exchange rate of US$0.7750 to $1.00.

(2) The Trust's borrowings will increase temporarily until proceeds of $85 million from the underwritten DRP for the six month period ending June 2005 are received.

The actual funds raised under the Rights Offer may be higher than $706 million if the price set under the Institutional Rights Bookbuild and/or Retail Rights Bookbuild is higher than the Issue Price. However, in the event that a Unitholder does not take up their Rights Entitlement, any difference between the Bookbuild Price and the Issue Price will be returned to the Unitholder as value for their Unexercised Rights. For further information, refer to Section 3.3.

It is assumed that the Initial Allotment will occur prior to the Deposit Date and that the Final Allotment will occur after the Deposit Date. It is anticipated that the Manager may take out an equity bridge loan with an Australian trading bank on commercial terms that will be utilised to partially fund the Deposit on the First Washington Portfolio and will be fully repaid with the proceeds from the Final Allotment.

Newtown Square Shopping Center, Newtown Square, PA

2.4 Entitlement overview

The Manager is offering Eligible Unitholders the opportunity to subscribe for 6 New Units for every 11 Units held on the Record Date at an Issue Price of $1.85 per New Unit. The number of New Units for which Eligible Unitholders are entitled to subscribe will be shown on the Eligible Unitholder's personalised Entitlement and Acceptance Form, which will accompany the hard copy of the PDS mailed to Eligible Unitholders. Fractional entitlements to New Units have been rounded up to the nearest whole number of New Units. Where the Manager considers that Holdings have been split to take advantage of the rounding up in calculating a Rights Entitlement, the Manager reserves the right, to the extent permitted by law, to aggregate Holdings of the relevant Unitholders for the purpose of determining Rights Entitlement.

Eligible Unitholders who do not exercise their Rights and Ineligible Unitholders, will incur a reduction in their percentage ownership interest in the Trust assuming the Capital Raising proceeds. However, any Rights not taken up will be offered to Institutional Investors through the Institutional Rights Bookbuild or Retail Rights Bookbuild (refer to Section 2.7) on a fully paid up basis. Any excess of the sale price achieved under the relevant bookbuild over the Issue Price will be returned to the relevant Unitholder as value for the Unexercised Right.

2.5 Who is eligible to participate in the Rights Offer?

This PDS contains an offer to Eligible Unitholders, being Unitholders on the Record Date whose registered address is in Australia or New Zealand. The Rights Offer is not being extended to Unitholders whose registered address is outside Australia or New Zealand or to Unitholders who are, or hold Units for the account or benefit of, a US person or a person in the US.

2.6 Participating in the Rights Offer

2.6.1 Eligible Institutional Unitholders

Eligible Institutional Unitholders will be given the opportunity to take up their Rights Entitlement between Tuesday, 15 February 2005 and Wednesday, 16 February 2005 under the Institutional Rights Offer. The New Units issued pursuant to any Rights taken up by Eligible Institutional Unitholders as part of the Institutional Rights Offer will be issued on the Initial Allotment Date. Subscribers for New Units under the Institutional Rights Offer will subscribe for them under this PDS.

2.6.2 Eligible Retail Unitholders

Eligible Retail Unitholders who wish to take up their Rights Entitlement may elect to take up their Rights:

- as part of the Initial Allotment (ie at the same time and price as under the Institutional Rights Offer) by submitting their Entitlement and Acceptance Form no later than 5.00pm (Sydney time) on Thursday, 3 March 2005; or
- as part of the Final Allotment by submitting their Entitlement and Acceptance Form no later than 5.00pm (Sydney time) on Friday, 11 March 2005.

The Issue Price under the Retail Rights Offer is payable in full at the time the Eligible Retail Unitholder subscribes for New Units through submission of the Entitlement and Acceptance Form.

All Eligible Retail Unitholders whose Entitlement and Acceptance Form and payment are received by the Registry prior to 5.00pm (Sydney time) Thursday, 3 March 2005 will be included in the Initial Allotment.

Eligible Retail Unitholders cannot choose to subscribe for their Rights Entitlement partly under the Initial Allotment and partly under the Final Allotment. Any Eligible Retail Unitholders who choose to participate in the Initial Allotment with respect to part of their Rights Entitlement will have the remainder of their Rights Entitlement sold as part of the Retail Rights Bookbuild, unless otherwise determined at the discretion of the Manager and the Underwriters.

The price for the Rights in the Retail Rights Bookbuild may be higher or lower than the price achieved under the Institutional Rights Bookbuild.

Notwithstanding the dates set out above, subject to the Corporations Act, the Listing Rules and other applicable laws, the Manager reserves the right, in its absolute discretion, to extend the Retail Rights Offer Period, close the Rights Offer early or accept late Applications either generally or in particular cases.

2.7 Institutional Rights Bookbuild and Retail Rights Bookbuild

Rights are renounceable and may be sold only in certain circumstances set out below. Each Eligible Unitholder who does not take up their Rights will have their Rights sold through the Institutional Rights Bookbuild or the Retail Rights Bookbuild. Rights **will not** be privately transferable or tradeable on ASX.

The purpose of the Institutional Rights Bookbuild and the Retail Rights Bookbuild is to sell the Rights of Unitholders who are either ineligible to participate in the Offer or who have renounced some or all of their Rights Entitlement. The Rights will be offered on a fully paid up basis to Institutional Investors on behalf of these Unitholders. Any excess of the Bookbuild Price over the Issue Price will be returned to the Rights Holder as value for that Unexercised Right, with the Issue Price being received by the Manager as Application Monies. There is no guarantee that any value will be achieved or that any value achieved for Rights under the Institutional Rights Bookbuild will be matched in the Retail Rights Bookbuild (or vice versa). Neither the Manager nor the Underwriters will be liable for failure to achieve a price in either bookbuild that is greater than the Issue Price.

The Manager and the Underwriters are unable to give any indications or assurances as to the likely market sale price of Units during and after the course of the Rights Offer.

2.8 Income entitlement of New Units

New Units will be issued on a fully paid up basis. From the date of Allotment, they will rank equally with other Units in all respects, and will be entitled to distributions accruing from 1 January 2005.

2.9 Allotment of New Units

The allotment of New Units under the Rights Offer is expected to be completed in two separate stages. The Initial Allotment is expected to take place on or around Friday, 11 March 2005, following completion of the Institutional Rights Offer and Institutional Rights Bookbuild. As noted, Eligible Retail Unitholders have the opportunity to take up their Rights Entitlement by no later than 5.00pm on:

- Thursday, 3 March 2005 in order to participate in the Initial Allotment; or
- Friday, 11 March 2005 in order to participate in the Final Allotment.

The Final Allotment is expected to take place on or around Wednesday, 23 March 2005, following completion of the Retail Rights Offer and Retail Rights Bookbuild.

Applicants may seek confirmation of their allocation by calling the Rights Offer information line on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia from Friday, 11 March 2005 with respect to the Initial Allotment and from Wednesday, 23 March 2005 with respect to the Final Allotment.

2.10 Number of New Units to be issued

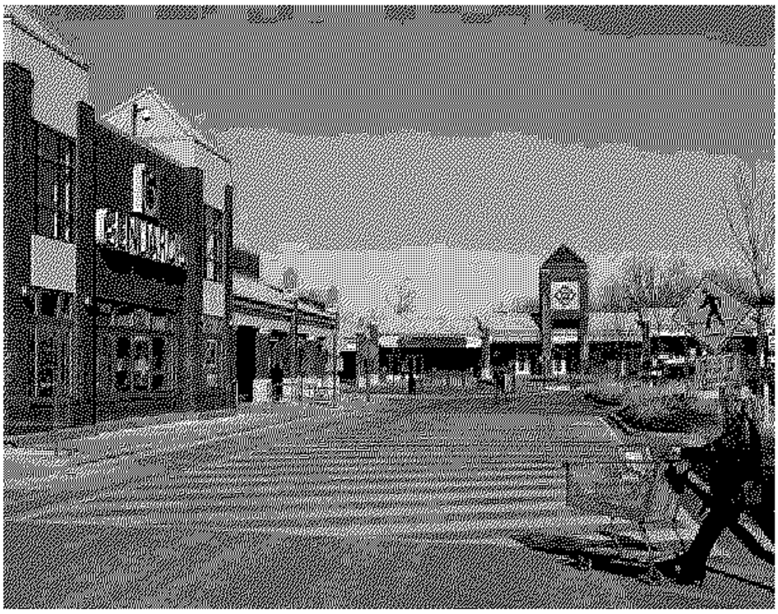
The Manager believes that as at the Record Date for the Rights Offer, the Trust will have approximately 699,996,267 Units on issue. Based on the Rights Entitlement of 6 New Units for every 11 Units held on the Record Date, approximately 382 million New Units will be issued under the Rights Offer. In addition, approximately 68 million New Units will be issued under the Placement, with the actual number of Units issued at the discretion of the Manager and the Underwriters. Therefore, ignoring other issues of Units which may occur, the total number of Units on issue after the Rights Offer and Placement will be approximately 1,150 million.

2.11 Trading of New Units

It is expected that quotation and trading of the New Units will commence on ASX in two separate stages:

- **Initial Allotment:** normal settlement trading of New Units issued under the Initial Allotment is expected to commence on Friday, 11 March 2005; and
- **Final Allotment:** normal settlement trading of New Units issued under the Final Allotment is expected to commence on Wednesday, 23 March 2005.

While the Manager will apply for the quotation of the New Units on ASX in the same class as the Existing Units, quotation by ASX is discretionary. 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 Manager, the Registry and the Underwriters 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 Manager, the Registry, the Underwriters or otherwise.



Mercer Square Shopping Center, Doylestown, PA

2.12 Overseas investors

This PDS and the accompanying Entitlement and Acceptance Form does 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 and New Zealand) relevant to their Application.

Return of a duly completed Entitlement and Acceptance Form will be taken by the Manager to constitute a representation that there has been no breach of such laws, that the Applicant is an Eligible Unitholder and that the Applicant is physically present in Australia or New Zealand. Eligible Unitholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Eligible Unitholders who hold Units on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that exercising Rights and taking up New Units under the Rights Offer does not breach securities laws in the relevant overseas jurisdictions.

No action has been or will be taken to register or qualify the Rights and New Units, in any jurisdiction outside Australia and New Zealand. The Rights and New Units have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the US or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act).

Without limitation, neither this PDS nor the accompanying Entitlement and Acceptance Form may be sent to investors outside Australia and New Zealand or otherwise distributed outside Australia and New Zealand (other than to Eligible Unitholders).

The distribution of this PDS and/or the Entitlement and Acceptance Form in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of them should seek advice on and observe any such restrictions. Neither this PDS nor the accompanying Entitlement and Acceptance Form may be sent to US persons or otherwise distributed in the US.

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

2.13 Taxation implications of the Rights Offer

Taxation implications of the Rights Offer are explained in Section 3.6.

2.14 Underwriting

The Rights Offer and Placement is underwritten by Macquarie Equity Capital Markets Limited, Citigroup and Merrill Lynch. Refer to Section 11.6.1 for a summary of the Underwriting Agreement, which includes a number of termination events. If the Underwriting Agreement is terminated, the Rights Offer may not proceed.

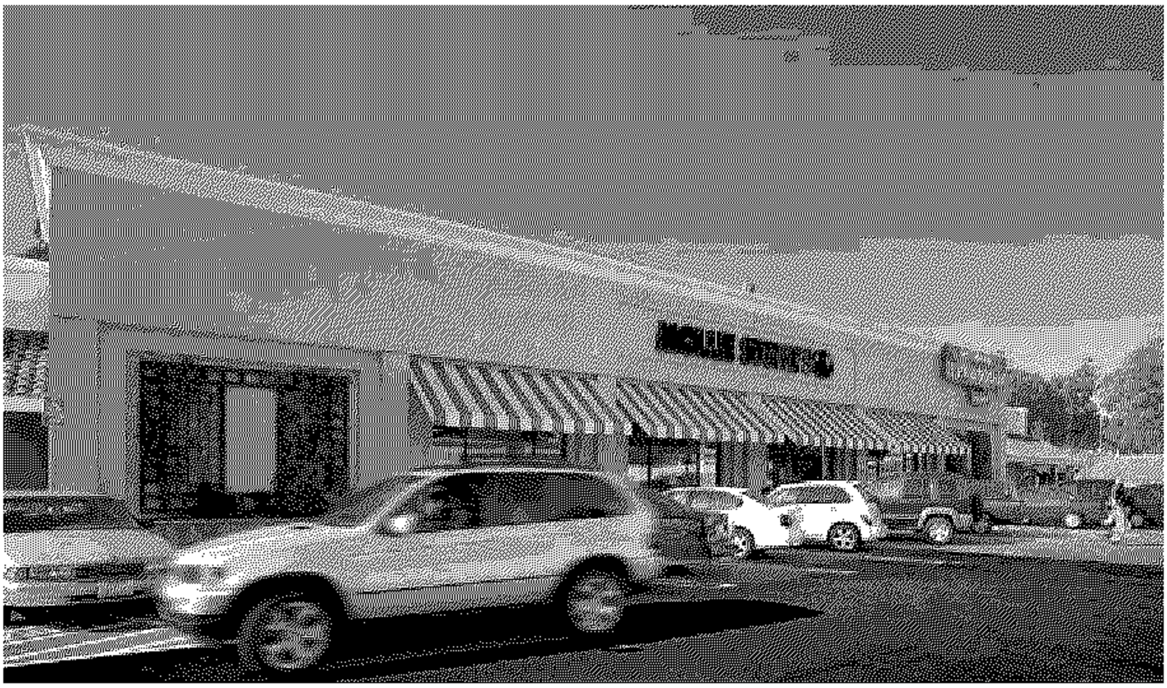
2.15 Withdrawal

The Manager reserves the right to withdraw the PDS and the Rights Offer at any time, in which case Application Monies will be refunded (without interest), in accordance with the Corporations Act.

2.16 Handling fee

A handling fee of 1.50% of the Application Monies (inclusive of GST) on New Units issued pursuant to the Rights Offer will be paid by the Trust, to appropriately licensed financial advisers (including entities within the Macquarie Bank Group), up to a maximum amount of $2,000 per Application on receipt of Entitlement and Acceptance 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.

No handling fee will be paid on any Applications made by a single investor which in aggregate exceed 72,072 New Units. Handling fees will be paid after the conclusion of the Offer.



Bayhill Shopping Center, San Bruno, CA

2.17 Calculation of Theoretical Ex-Rights Price

The Theoretical Ex-Rights Price is the theoretical value of the Trust's Units following the Rights Offer, all things being equal, and not taking into account the earnings enhancement of the Acquisition. The Theoretical Ex-Rights Price is lower than the current Trust Unit price (as at 14 February 2005) as it reflects the bonus element of the Rights Offer to Unitholders.

For illustration purposes, a calculation of the theoretical value of Units following the Rights Offer (Theoretical Ex-Rights Price) is outlined below:

Trust Unit price as at 14 February 2005	$2.12
Trust Units outstanding prior to the Rights Offer	700m
New Units issued under the Rights Offer	382m
Units outstanding after the Rights Offer	1,082m
Market capitalisation of Trust before the Rights Offer at $2.12 per Unit	$1,484m
Gross proceeds raised from the Rights Offer	$706m
Market capitalisation after the Rights Offer	$2,190m
Theoretical Ex-Rights Price(1)	$2.024
Discount Factor(2)	0.955

(1) Theoretical Ex-Rights Price is calculated as market capitalisation after the Rights Offer divided by Units outstanding after the Rights Offer.

(2) Discount Factor equals the Theoretical Ex-Rights Price divided by the Trust Unit closing price as at 14 February 2005.

This calculation is for illustrative purposes only and should not be relied upon. The market price of Units following the Acquisition and Rights Offer may vary.

The Trust's earnings and distributions per Unit for all prior reporting periods will be adjusted to reflect the bonus element of the Rights Issue, as required by Australian Accounting Standard AASB1027.

2.18 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 Acquisition and Capital Raising or any aspect of your individual Holding in the Trust should be directed to the Rights Offer information line on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia, or your accountant, stockbroker, lawyer or other professional adviser.

3.1 What you may do – choices available

Eligible Institutional Unitholders: you may take any of the following actions:

- take up all of your Rights (refer to Section 3.2); or
- take up some of your Rights, with those Rights not taken up sold on your behalf as part of the Institutional Rights Bookbuild (refer to Section 3.3); or
- decline to take up any of your Rights, with those Rights sold on your behalf as part of the Institutional Rights Bookbuild (refer to Section 3.3).

Eligible Retail Unitholders: you may take any of the following actions:

- take up all of your Rights under the Initial Allotment (refer to Section 3.2); or
- take up all of your Rights under the Final Allotment; or
- take up some of your Rights, with those Rights not taken up sold on your behalf as part of the Retail Rights Bookbuild (refer to Section 3.3); or
- decline to take up any of your Rights, with those Rights sold on your behalf as part of the Retail Rights Bookbuild (refer to Section 3.3).

Ineligible Unitholders: you may not take up any of, or do anything in relation to, your Rights under the Rights Offer. You should refer to Section 3.3 for a description of what will happen to the Rights attached to your Units.

3.2 If you wish to take up all or some of your Rights

Eligible Institutional Unitholders: you will be contacted by the Underwriters and advised how to take up your Rights. If you wish to take up all or some of your Rights, you must do so by 5.00pm on Wednesday, 16 February 2005. If you do not take up your Rights by this time, your Rights will be sold on your behalf through the Institutional Rights Bookbuild.

Eligible Retail Unitholders: if you wish to take up all or some of your Rights under the Initial Allotment, you must return your Entitlement and Acceptance Form, completed in accordance with the instructions set out on that form, to the Registry by 5.00pm on Thursday, 3 March 2005. By choosing to participate in the Initial Allotment your New Units will commence trading at the same time as New Units to be issued under the Institutional Rights Offer and Institutional Rights Bookbuild. If you wish to take up all or some of your Rights under the Final Allotment, you must return your Entitlement and Acceptance Form, completed in accordance with the instructions set out on that form, to the Registry by 5.00pm on Friday, 11 March 2005.

If you take up some of your Rights under the Initial Allotment, you will not be able to take up any further Rights under the Final Allotment. Instead, the remainder of your Rights will be deemed to be renounced by you, and offered under the Retail Rights Bookbuild.

You must forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the Application Monies, to the following address:

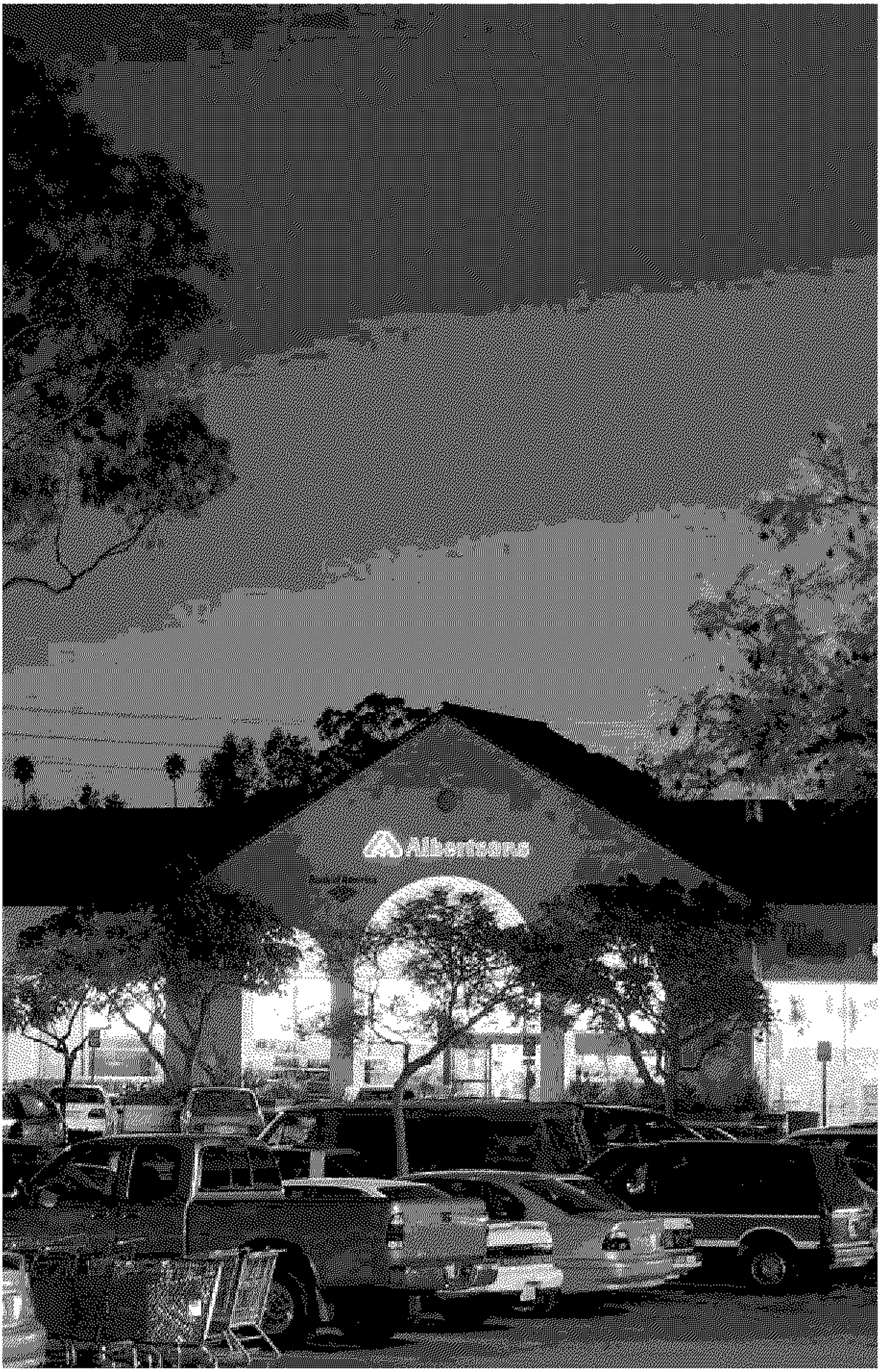
Mailing address
Macquarie CountryWide Trust
ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1235

Delivery address
Macquarie CountryWide Trust
ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000

Receipt of an Entitlement and Acceptance Form by the Trust constitutes an irrevocable offer to acquire New Units on the terms and conditions set out in this PDS and may not be withdrawn (unless required by law).

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at the Manager's registered office. A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required. If mailed outside Australia, including New Zealand, correct postage must be affixed.

If you have not received a personalised Entitlement and Acceptance Form, please contact the Rights Offer information line on 1300 303 063 (local call cost) and +61 2 8280 7134 (from outside Australia).



Five Star
Shopping Center,
Santa Barbara,
CA

3.3 Rights not taken up

Eligible Institutional Unitholders: If you do not take up all or some of your Rights before 5.00pm on Wednesday, 16 February 2005 or do nothing in relation to your Rights, then your Unexercised Rights will be sold on your behalf as part of the Institutional Rights Bookbuild. The Rights will be sold on a fully paid up basis, with any positive difference of the Bookbuild Price over the Issue Price returned to you as the value of your Right (subject to receipt from you, if requested, of appropriate substantiation of your Rights). There is no guarantee you will receive any value for your Rights.

Eligible Retail Unitholders: If you do not take up all or some of your Rights before 5.00pm (Sydney time) on Friday, 11 March 2005 or do nothing in relation to your Rights, then your Unexercised Rights will be sold on your behalf as part of the Retail Rights Bookbuild. The Rights will be sold on a fully paid up basis, with any positive difference between the Bookbuild Price and the Issue Price returned to you as the value of your Right (subject to receipt from you, if requested, of appropriate substantiation of your Rights). There is no guarantee you will receive any value for your Rights.

Ineligible Institutional Unitholders: Your Rights will be sold on your behalf as part of the Institutional Rights Bookbuild. The Rights will be sold on a fully paid up basis, with any positive difference of the Bookbuild Price over the Issue Price returned to you as the value of your Right (subject to receipt from you, if requested, of appropriate substantiation of your Rights). There is no guarantee you will receive any value for your Rights.

Ineligible Retail Unitholders: Your Rights will be sold on your behalf as part of the Retail Rights Bookbuild. The Rights will be sold on a fully paid up basis, with any positive difference of the Bookbuild Price over the Issue Price returned to you as the value of your Right (subject to receipt from you, if requested, of appropriate substantiation of your Rights). There is no guarantee you will receive any value for your Rights.

Under both the Institutional Rights Bookbuild and the Retail Rights Bookbuild, if buyers cannot be found for any Unexercised Rights at or above the Issue Price, the Rights will be subscribed for at the Issue Price by or on behalf of the Underwriters in accordance with the Underwriting Agreement. If this occurs, you will not receive any value for your Unexercised Rights. For further details of the Institutional and Retail Rights Bookbuild, refer to Section 2.6.

You should note that if you do not participate in the Rights Offer, although you will continue to own the same number of Units, your percentage ownership interest in the Trust will be diluted to a greater extent to reflect the number of New Units issued pursuant to the Capital Raising.

3.4 Payment

Eligible Institutional Unitholders must pay the Issue Price per New Unit for Rights taken up under the Institutional Rights Offer by 10.30am (Sydney time) on Thursday, 10 March 2005. Settlement by Eligible Institutional Unitholders will be via DvP in accordance with the instructions provided by the Underwriters.

Eligible Retail Unitholders must pay the Issue Price per New Unit for Rights taken up under the Retail Rights Offer. If the Eligible Retail Unitholder wishes to participate in:

- the Initial Allotment, Application Monies and the Entitlement and Acceptance Form must be received by 5.00pm on Thursday, 3 March 2005; or
- the Final Allotment, Application Monies and the Entitlement and Acceptance Form must be received by 5.00pm on Friday, 11 March 2005.

Entitlement and Acceptance Forms must be accompanied by a cheque for the Application Monies. Cheques must be drawn on an Australian financial institution in Australian currency only, made payable to "Macquarie CountryWide Management Limited – Offer Account" and crossed "Not Negotiable". Cash will not be accepted. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of New Units you have applied for on your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Units as your cleared Application Monies will pay for (and to have specified that number of New Units on your Entitlement and Acceptance Form) or your Application may be rejected and any Rights not taken up will be sold in the Retail Rights Bookbuild.

Institutional Investors participating in the Institutional Rights Bookbuild must pay for New Units taken up by 10.30am on Thursday, 10 March 2005.

Institutional Investors participating in the Retail Rights Bookbuild must pay for New Units taken up by 10.30am on Tuesday, 22 March 2005.

Settlement by Institutional Investors will be via DvP in accordance with the instructions provided by the Underwriters.

3.5 Application Monies and interest

Until New Units are issued, the Manager will hold the Application Monies on trust in a non-interest earning bank account. The account has been established and is kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act. No interest will be accrued on Application Monies.

3.6 General taxation implications of holding and dealing with Rights and Units

The following comments concerning the taxation implications arising for Eligible Unitholders are general in nature and deal only with the Australian taxation implications. Accordingly, all Unitholders should seek and rely upon their own taxation advice as to the possible tax consequences arising in connection with holding and dealing with the Rights and the New Units acquired on exercising the Rights. Neither the Manager nor any of its officers, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

3.6.1 Australian tax implications – overview

The following comments do not apply to Eligible Unitholders that carry on a business of trading in securities, or otherwise hold securities on revenue account. These comments are based on the Australian income tax and goods and services tax (GST) laws in force at the date of issue of this PDS. The precise taxation implications will depend upon each Eligible Unitholder's specific circumstances.

A disposal of an asset will have CGT implications. Broadly, Eligible Unitholders who are subject to CGT in Australia, must include any realised capital gain or loss in the calculation of their overall net capital gain or loss for the year. A net capital gain arises where all realised capital gains exceed all realised capital losses. This net capital gain is included in the Unitholder's assessable income for that year. In the opposite situation, a net capital loss will arise. This amount is not deductible for the year but may be carried forward until the Unitholder has realised capital gains in future years against which the net capital loss can be offset.

A net capital gain or loss is generally calculated as follows:

- the capital gain or loss is calculated as the excess or shortfall of disposal proceeds over the cost base of the asset;
- if an asset has been held for less than 12 months, this is the amount of gain or loss included in the net capital gain calculation;
- if the asset has been held for 12 months or more and there is a loss, similarly this loss is included in the net capital gain calculation; and
- if an asset has been held for 12 months or more and there is a gain, a discounting factor may be available to certain Unitholders. The gain on the asset is initially reduced by any other capital losses of the Unitholder. If as a result, a net capital gain arises, it may be reduced by the discount factor. The discounting factor for individuals and trusts is 50%, whilst a discount factor of 33 1/3% applies to complying superannuation entities.

The amount of tax payable will depend upon the tax profile of the Eligible Unitholder. For instance, an individual may be taxed at a rate of up to 47% plus the Medicare levy (currently 1.5%), whilst a company is taxed at the corporate tax rate (currently 30%).

3.6.2 Granting of Rights

The granting of Rights to Eligible Unitholders should not give rise to any immediate CGT liability for Eligible Unitholders. As the Eligible Unitholders are not paying to acquire the Rights under this PDS, the Rights will be deemed to have been acquired for nil consideration at the same time as the original Units to which the Rights relate were acquired.

Centre Ridge Marketplace, Centreville, VA

Granada Village Shopping Center, Granada Hills, CA

3.6.3 Sale of Rights through a bookbuild

Residents of Australia

If you are a resident for Australian tax purposes, and you sell your Rights through the Institutional Rights Bookbuild or the Retail Rights Bookbuild or do nothing, in which case those Rights will be sold on your behalf under the Institutional Rights Bookbuild or the Retail Rights Bookbuild or subscribed for by the Underwriters pursuant to the Underwriting Agreement, this will give rise to a CGT event. The realised capital gain (or loss) would be calculated as the difference between the capital proceeds received for the disposal of the Rights less the cost base of the Rights (ie any non-deductible incidental costs incurred in disposing of the Rights). Your net capital gain or loss for the year is calculated in accordance with Section 3.6.1.

Non-residents of Australia

If you are a non-resident for Australian tax purposes and you sell your Rights through the Institutional Rights Bookbuild or the Retail Rights Bookbuild, an Australian CGT liability should not generally arise unless you (together with your associates) beneficially own, or owned at any time during the five years before the Rights are disposed of, 10% or more of the Units on issue in the Trust.

3.6.4 Acquiring New Units by taking up your Rights

If you exercise all or a part of your Rights, this should not give rise to an immediate CGT liability to you, irrespective of whether the Rights were issued to you or purchased from another entity. Eligible Unitholders will be taken to have acquired the New Units on the date of exercising the Rights.

The total cost base of the New Units in the Trust which you acquire on exercising (taking up) your Rights will equal the total amount you paid to acquire the New Units (ie the Issue Price of $1.85 per New Unit), plus any non-deductible incidental costs you incurred to acquire them.

3.6.5 Disposal of Units

Residents of Australia

If you are a resident for Australian tax purposes and you subsequently sell any Units, you will need to make a CGT calculation for those Units. For each calculation, a capital gain will arise where the capital proceeds received exceed your cost base (calculated in accordance with Section 3.6.4). It should be noted that your cost base will need to be reduced by any tax deferred distributions received from the Trust. Conversely, a capital loss will arise where your cost base exceeds the capital proceeds.

The resultant capital gain or loss is included in the calculation of your net capital gain or loss for the year (refer to Section 3.6.1). In determining whether you are entitled to the CGT discount in relation to a capital gain, the date of acquisition of the New Units is the date that the Rights are exercised.

Non-residents of Australia

If you are a non-resident for Australian tax purposes and you subsequently sell any Units, an Australian CGT liability should not generally arise unless you, together with your associates, beneficially own or owned at any time during the period of five years preceding the sale of the Units, 10% or more of the Trust's Units on issue.

3.6.6 Goods and services tax

You should not be liable to pay GST in respect of the acquisition of New Units, the sale of your Rights through the Institutional Rights Bookbuild or Retail Rights Bookbuild and the sale of New Units acquired by taking up your Rights.

There may be an indirect GST cost as input tax credits will generally not be available for the GST charged to the acquirer in respect of supplies relating to the dealings with these Units (eg legal and other adviser fees).

Overview of the Trust

4.1 Trust overview

Prior to the Acquisition, the Trust owns, or owns an indirect interest, in 147 properties (refer to Section 5.4), valued at approximately $1.84 billion invested throughout Australia, New Zealand and the US.

The Manager has been expanding offshore since first investing in New Zealand in September 2000 and the US in June 2001. Investment in these markets has provided Unitholders with increased investment opportunities and enhanced geographic and earnings diversification. The breadth and depth of the US market in particular, as the largest property market in the world, has provided the Trust with significant investment opportunities which have contributed to the Trust's earnings growth.

The Trust's investment in the US is through joint ventures with Regency, one of the leading US owners, operators, and developers focused on grocery-anchored shopping centres. Regency's total market capitalisation including debt exceeded US$5.3 billion as at 31 December 2004, encompassing a portfolio of 291 retail properties. Regency is a fully integrated real estate business and manages the joint venture assets on a day to day basis.

Memorial Collection Shopping Center, Houston, TX

The Trust achieved a total return (both income and capital)[1] of 32.7% for the year ended 31 December 2004 and has provided Unitholders with consistently strong total returns averaging 18.8% per annum for the three years ended 31 December 2004.

The Trust has outperformed the S&P/ASX Property 200 Accumulation Index over the past one and three year periods[2]:

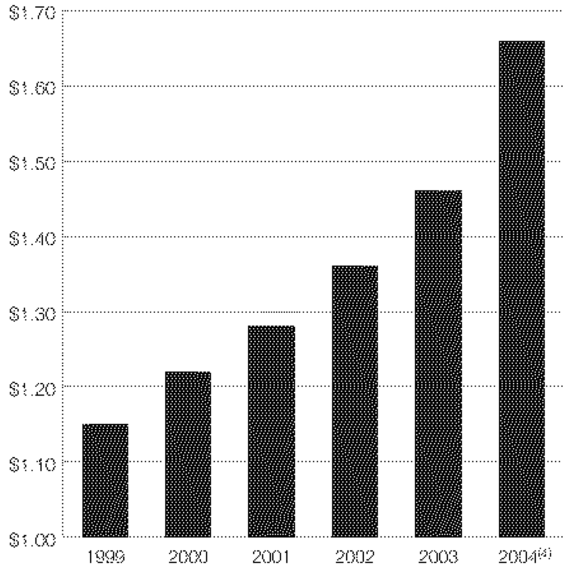
	1 year	3 years	5 years
Trust[1]	32.7%	18.8%	15.1%
S&P/ASX Property 200 Accumulation Index	32.0%	17.1%	16.7%

[1] Returns are net of ongoing fees and expenses (refer to Section 10) and before tax.

[2] As at 31 December 2004.

The NTA of the Trust has grown on average 7.6% per annum over the past five years. Positive overall revaluations of properties together with successful capital raisings during this period have contributed to this result.

Historical growth in NTA per Unit[3]



[3] Calculated as at 31 December each year after taking into account the effect of ongoing fees and expenses (refer to Section 10).

[4] Based on the unaudited Consolidated Statement of Financial Position of the Trust as at 31 December 2004.

Unitholders should note that past performance is not a reliable indicator of future performance.

Town Center at Sterling Shopping Center, Sterling, VA

4.2 Strategy

The Trust aims to provide Unitholders with a secure and growing income stream from investments predominantly in supermarkets and grocery-anchored shopping centres in Australia and overseas with a focus on non-discretionary food-based and household spending.

4.2.1 Income security

The Manager's strategy for achieving security of income includes three key objectives:

1. Acquiring assets predominantly anchored by market leading grocery retailers

   The anchor tenants in the Trust's shopping centres are typically market leading grocery retailers with significant financial strength and a track record of corporate performance. These tenants provide Unitholders with a lower risk income stream relative to smaller participants in the supermarket and convenience-based retail sector. Consequently, the Manager aims to maintain approximately:

   - 70% of income from Australian and New Zealand investments from anchor tenants such as Coles Myer and Woolworths; and
   - 70% of income from the US investments from national grocery retailers, credit rated tenants and national specialty retailers.

2. Maintaining a diversified portfolio of assets

   The Trust seeks to include a diverse range of supermarkets and grocery-anchored shopping centres to minimise the potential impact on the Trust of unforeseen underperformance by individual assets. The Trust's US expansion has been an important contributor to achieving this objective by exposing the Trust to different economic markets and other major grocery retailers.

   The Manager seeks diversification across three key areas:

   - geographic diversification – to ensure the Trust does not have concentrated exposure to one geographic region within Australia, New Zealand or the US;
   - economic diversification – the performance of the Trust may be affected by property cycles and interest rate cycles. The Trust seeks a spread of investments across offshore economic markets to diversify across different property cycles and interest rate markets; and
   - tenant diversification – the performance of the Trust may be affected by tenant-specific performance. The Trust seeks to include a diversified range of long-term anchor tenants in order to reduce the risk that underperformance by any single tenant will materially affect the overall performance of the Trust.

3. Undertaking prudent commercial management of interest rate and foreign exchange risk

   The Trust is partially funded by debt and includes international assets. Consequently, performance may be influenced by changes in market interest rates and exchange rates. The Manager seeks to mitigate risks through the adoption of specific policies:

   Gearing policy
   The Manager controls interest rate risk by monitoring the use of debt funding and implementing interest rate hedging. The Manager intends to maintain a long-run gearing ratio within the following ranges:

   - Australian and New Zealand investments – 30% to 40%;
   - US investments – 45% to 55%; and
   - maximum Consolidated Gearing Ratio – 45% to 55% (this will fluctuate in accordance with country investment allocation).

   The use of debt to fund opportunistic acquisitions may result in short term fluctuations in gearing. Following the Acquisition, the Balance Sheet Gearing Ratio will be 19.0% and the Consolidated Gearing Ratio of the Trust on a look through basis will be 51.3% (post the sale of five of the New Properties identified for disposal and receipt of the proceeds from the underwritten June 2005 DRP).

Interest rate hedging policy

The Manager also maintains a base level of interest rate hedging to seek to ensure adverse interest rate movements do not materially impact distributions. This involves monitoring interest rate markets and incrementally adjusting the Trust's hedging, where appropriate, to further protect distributions. Refer to Section 6.5.7 for more information on the Trust's borrowings.

Foreign currency hedging policy

The Trust adopts a foreign exchange risk management strategy which involves a rolling hedge of 100% of forecast net income from all assets situated outside Australia. A minimum period of three years is applied for New Zealand investments and five years for US investments. In addition, the Trust aims to protect the underlying book value of foreign property investments from movements in exchange rates by endeavouring to offset foreign assets with foreign liabilities.

As a result of this policy, 100% of the forecast net income from assets situated outside Australia will be hedged for a minimum period of five years, which includes the Forecast Period. Refer to Section 6.5.8 for more information on the Trust's hedging of foreign currency.

The Manager may use derivatives prior to the Deposit Date to hedge the proceeds of the Rights Offer and Placement against movements in the exchange rates between A$ and US$.

This policy is intended to provide a greater degree of certainty for Unitholders, in that any changes in the exchange rate between the Australian and US or New Zealand currencies do not have a significant, unexpected impact on the Trust's distributions in Australia within the Forecast Period and that any sustained changes in the exchange rate are phased in progressively. Hedging has the effect of fixing today, a rate at which the Trust can exchange US or New Zealand dollars for Australian dollars at a time in the future. There will be a cost to the Trust for implementing these hedges, which is incorporated into the exchange rate. Security may be given over direct and indirect assets of the Trust to the counterparty of the foreign exchange hedges to protect the counterparty against the risk of default.

4.2.2 Distribution growth

The Trust seeks to achieve distribution growth through:

1. Acquisition and disposal of properties

   The performance of assets in the portfolio is constantly monitored. The Trust targets acquisitions that are expected to improve the total return to Unitholders and dispose of underperforming assets where appropriate. From time to time, the Trust disposes of assets to take advantage of favourable market conditions.

2. Focused property management

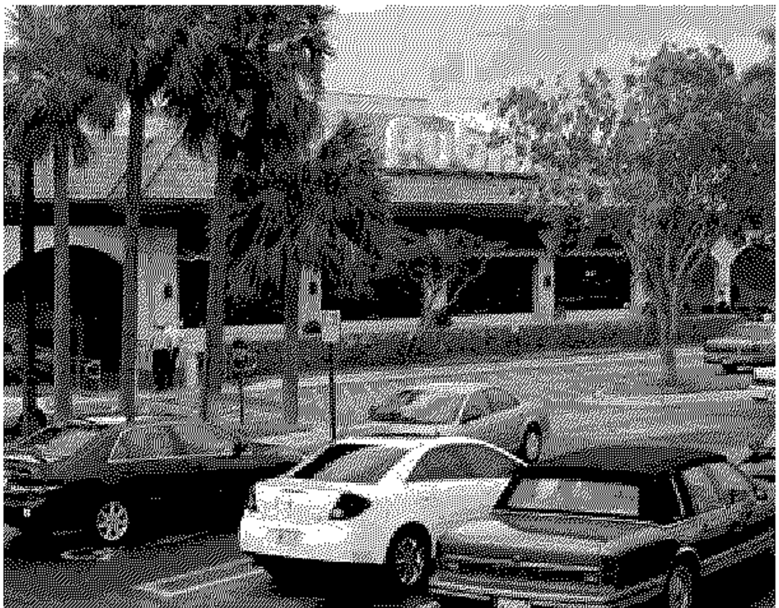
   Focused property management improves growth potential via capital improvements, tenant mix optimisation and targeted marketing campaigns for individual assets. The Trust works closely with anchor tenants and national specialty retailers when undertaking these activities to maximise the performance of each asset.

3. Redevelopment and refurbishment of properties

   The Manager identifies redevelopment and refurbishment opportunities within the Trust's existing portfolio as well as targeting acquisitions with redevelopment potential. This activity has the potential to generate additional income and capital appreciation from the enhanced asset. Typically, redevelopments are done on a precommitment basis.

   The Manager recognises the importance of ensuring that its strategy meets Unitholder objectives and expectations. Consequently, the Trust's strategy may be refined over time in response to changing market conditions and opportunities.

Village Commons, West Palm Beach, FL



4.3 Distributions

The Trust's income distributions are declared half yearly for the six months ending 30 June and 31 December each year. It is expected that income distributions will be paid to Unitholders no later than two months after the end of the relevant period.

4.4 Distribution reinvestment plan

The DRP is available for Unitholders to reinvest their distributions in further Units. The DRP currently operates at a 2.5% discount to the volume weighted average market price of the Units for the 10 days from and including the relevant ex-distribution date.

To participate in the DRP, contact the Registry on 1300 303 063 (local call cost) from within Australia or download a form from their website at www.asxperpetual.com.au.

4.5 Valuation of Trust assets

The Trust's Properties are revalued to market by independent valuers on a rolling basis over a three year period. In addition, the Manager is obliged to undertake a revaluation of the Properties if the Directors believe there has been a significant change in the market value within the period.

Snell & Branham Plaza, San Jose, CA

Best of breed joint venture partner

The Trust's joint venture partner, Regency Centers Corporation, is one of the leading grocery-anchored neighbourhood and community shopping centre owners, operators and developers in the US. Founded in 1963, Regency's total market capitalisation including debt exceeded US$5.3 billion as at 31 December 2004, encompassing a portfolio spanning over 36 million square feet across 291 properties in the US.

The preferred landlord

Leading supermarket chains across the US anchor Regency's centres. Approximately 90% of Regency's grocery anchor tenants are among the top three in terms of market share in their market. These include US household names like Kroger, Publix, Safeway and Albertson's.

An outstanding portfolio

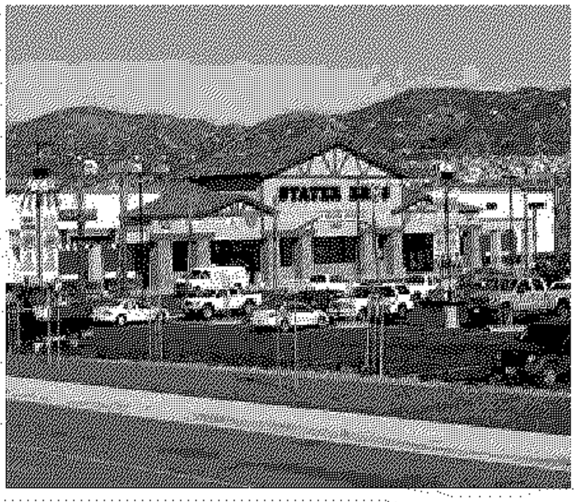
Regency's portfolio was over 96% leased as at 31 December 2004. These centres are located in trade areas with attractive demographics. The population within a 3 mile radius of Regency's centres average 71,700 persons while the average annual household income is US$84,900, which is more than 30% above the national average.

Active development pipeline

At 31 December 2004, Regency had 37 properties under development for an estimated total net investment at completion of US$611 million. Importantly, developments currently underway are 80% leased and/or committed.

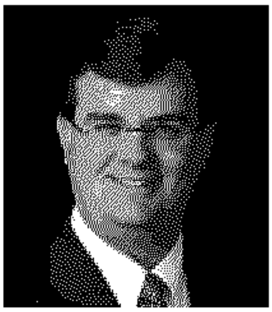
Strong management capability

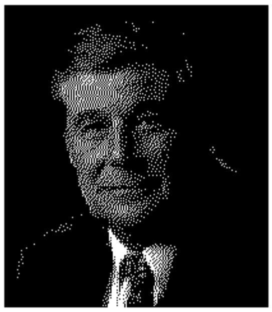
Regency has 387 employees with coast to coast management and leasing capability. Regency manages the Trust's existing US assets on a day to day basis.

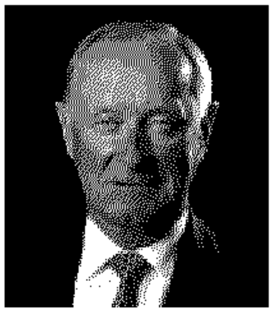


Bear Creek Village Center,
Wildomar, CA


David Clarke


Mark Baillie


John Harkness


Maurice Koop

4.6 Board of Directors of Macquarie CountryWide Management Limited

David Clarke, AO
Chairman

David is the Executive Chairman of Macquarie Bank Limited. He was previously Managing Director and then Chairman of Macquarie Bank's predecessor organisation, Hill Samuel Australia Limited. David has extensive experience as a Chairman and is currently Chairman of Macquarie Goodman Management Limited and the responsible entities of Macquarie Office Trust, Macquarie ProLogis Trust and Macquarie Goodman Industrial Trust. He is Chairman of McGuigan Simeon Wines Limited, the Wine Committee of the Royal Agricultural Society of NSW, the Sydney Advisory Board of the Salvation Army and the Opera Australia Capital Fund.

Mark Baillie
Director

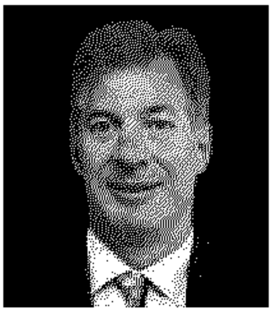
Mark is an Executive Director of Macquarie Bank Limited and is based in Chicago, US, as Macquarie Bank's Head of Real Estate – North America & Europe and also Head of Macquarie Bank's Property Investment Management – North America division. Mark is a director of Macquarie Capital Partners LLC, Macquarie Bank's global real estate investment banking joint venture, the responsible entities of Macquarie ProLogis Trust and Macquarie DDR Trust, Chairman of Macquarie Bank's Real Estate Funds Management Executive Committee, Vice Chairman of the Association of Foreign Investors in Real Estate and a member of the US Real Estate Round Table. Prior to his current role, Mark was the Chief Executive Officer of the Trust and Head of Macquarie Bank's Property Investment Management division. Mark has over 24 years experience in chartered accounting, investment banking and global real estate funds management.

John Harkness
Independent Director

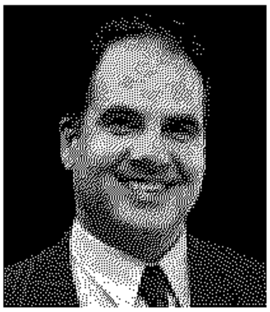
John was a partner at KPMG for 24 years and National Executive Chairman for five years. He retired from KPMG on 30 June 2000 and since then has held a number of non-executive director roles. John is currently Chairman of Lipa Pharmaceuticals Limited, ICA Property Development Funds, Helmsman Capital Fund and Sydney Foundation for Medical Research. He is a Director of the management company of Macquarie Goodman Industrial Trust and Crane Group Limited. He is the President of Northern Suburbs Rugby Football Club Limited. John brings extensive financial skills to the Board and is the Chairman of Macquarie CountryWide Trust's Audit Committee.

Maurice Koop
Independent Director

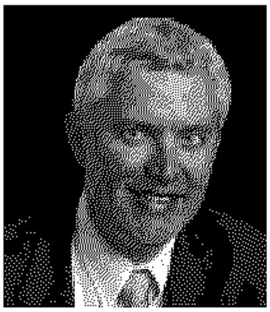
Maurice is a Senior Advisor to The Boston Consulting Group with specific responsibilities in Australia, India and Korea. He was previously a non-executive director for 12 years with retailer Just Jeans. Maurice's experience includes 25 years in consulting with particular focus on consumer goods, retailing and the financial services industry.



Alan Rattray-Wood



Stephen Girdis



Simon Jones

Alan Rattray-Wood
Independent Director

Alan has over 30 years experience managing neighbourhood to regional sized shopping centres and in supermarket management. He is an experienced shopping centre industry participant, having been employed in management roles with Woolworths, Westfield Holdings, Lustig & Moar and other private developers.

Since 1990, Alan has operated his own retail development consultancy practice focusing on all facets of shopping centre development and retail chain insolvency workouts. He is also a founding independent Director of Macquarie CountryWide Management Limited.

Stephen Girdis
Alternate Director for David Clarke

Stephen is an Executive Director of Macquarie Bank Limited and is Head of Macquarie Property. Stephen is a director or alternate director on most of the management companies of Macquarie's listed and unlisted property funds management businesses. Stephen has over 20 years experience in chartered accounting, property finance, funds management and investment banking and is an Associate of both The Institute of Chartered Accountants in Australia and the Securities Institute of Australia.

Simon Jones
Alternate Director for Mark Baillie

Simon was appointed as alternate Director, effective 17 November 2004 to replace James Hodgkinson.

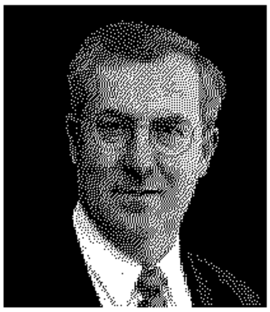
Simon is an Executive Director of Macquarie Bank Limited, Joint Head of Macquarie's Property Investment Management division and an alternate director of Macquarie Office Management Limited and Macquarie Direct Property Management Limited.

Greenbriar
Town Center,
Chantilly, VA


Kylie Rampa


Leisa Chapman


Andrew Mumford


John Wright

4.7 Trust management

The Manager of the Trust, Macquarie CountryWide Management Limited, is a 100% owned subsidiary of Macquarie Bank Limited.

Kylie Rampa
Chief Executive Officer

Kylie has been Chief Executive Officer of the Trust since August 2000. Kylie has over 17 years experience in asset management, property funds management and investment banking and is responsible for the activities and performance of the Trust, including strategy, financial and capital management, acquisitions and development assessment, investor and board reporting. Kylie is also a director of the Property Council of Australia.

Leisa Chapman
Assistant Fund Manager

Leisa is responsible for assisting the Chief Executive Officer with the financial and capital management of the Trust, including acquisition analysis and reporting. Leisa has over 10 years experience in chartered accounting and real estate transactions.

Andrew Mumford
Analyst

Andrew is the analyst for the Trust and is responsible for modelling various aspects of the retail portfolio. Andrew commenced working for the Trust after graduating in 2003 from The University of Sydney with a Bachelor of Engineering and a Bachelor of Commerce.

John Wright
Company Secretary

John has been responsible for the administration of the Trust for the past eight years and John has over 30 years experience in chartered accounting, investment banking and funds management.


Doris Jurzak


Douglas Hunt

Doris Jurzak
Chief Financial Officer

Doris is responsible for the financial reporting for the Trust. She is a chartered accountant and has over 15 years experience in chartered accounting and investment banking, focusing on asset and funds management for the last seven years. Doris has worked within the Macquarie Bank Group for over five years.

Douglas Hunt
Compliance Manager

Douglas is responsible for managing the Trust's compliance with applicable laws and other requirements. A solicitor and chartered accountant, Douglas has been employed within the Macquarie Bank Group for over eight years, the last four years as Compliance Manager for the Trust.

5.1 Acquisition overview

The Trust has agreed to establish a new joint venture structure to hold the interests in the First Washington Portfolio (refer to Section 5.6). The Trust's share of the New Properties comprises:

- a 65% indirect interest in 101 properties acquired as a portfolio from First Washington Investments I, LLC (First Washington) and the California Public Employees' Retirement System (CalPERS) (First Washington Portfolio); and
- a 75% indirect interest in two shopping centres, Bear Creek (California) and Heritage Plaza (Illinois).

Details of the New Properties are set out in Section 5.3.

The Trust's interest in the New Properties is being acquired for $2.3 billion (Trust share before Acquisition Costs) at an initial yield of 6.25% (based on forecast year one net income and the underlying Acquisition Cost to the Trust adjusting for transaction costs) or 6.5% on a fully let basis.

Five of the properties in the First Washington Portfolio, with an estimated value of approximately US$42 million, have been identified for disposal in the near term by the Manager (refer to Section 5.3).

One of the properties in the First Washington Portfolio, Edgewater Commons, is subject to consent by the current joint owner. If exercised, the property will be subject to a buy/sell process resulting in the Regency Joint Venture acquiring a further 50% interest in the property or disposing of the existing 50% interest in the property.

Management of the First Washington Portfolio will be under a new joint venture agreement between the Manager and Regency (refer to Sections 5.6 and 11.6.3 for details of the agreement).

First Washington's property management company initially will provide property management and accounting services for the First Washington Portfolio for a transitional period of two months. First Washington will manage the mid-Atlantic and the northeastern US properties for up to two years. Regency will be responsible for supervising First Washington's services and will take over property management and accounting functions when and as the property management and accounting services agreements with First Washington terminate.

Following the Acquisition, the Trust's exposure to the US will increase to approximately 75% of total assets.

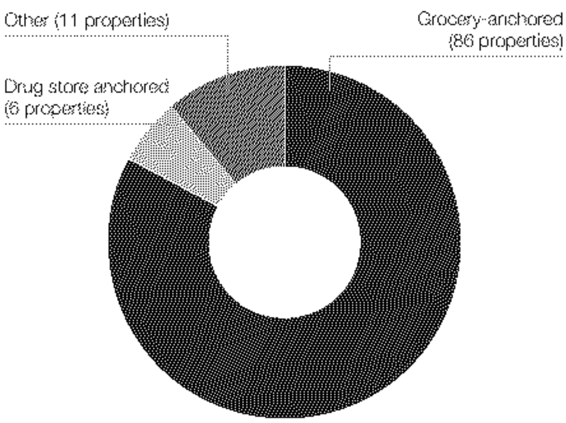
Although the Trust retains a focus on the Australian market, investment opportunities are expected to be greater in global markets, particularly the US which is the world's largest property market.

5.2 Portfolio overview

The New Properties represent a high quality portfolio and when combined with Regency's strong management capability, represent a unique investment opportunity:

- over half of the New Properties are located in the top 10 MSAs and over 90% are located in the top 50 MSAs;
- the average annual household income for the New Properties within a three mile radius of each centre is US$82,000, 30% higher than the US national average;
- the average population within a three mile radius of a centre is over 110,000 people;
- 92 properties are grocery or drug store anchored shopping centres;
- 77% of the grocery-anchors are ranked in the top three in market share in their respective markets; and
- the average grocery-anchor lease expiry in the New Properties is 8.6 years (weighted by property GLA).

New Properties by property type



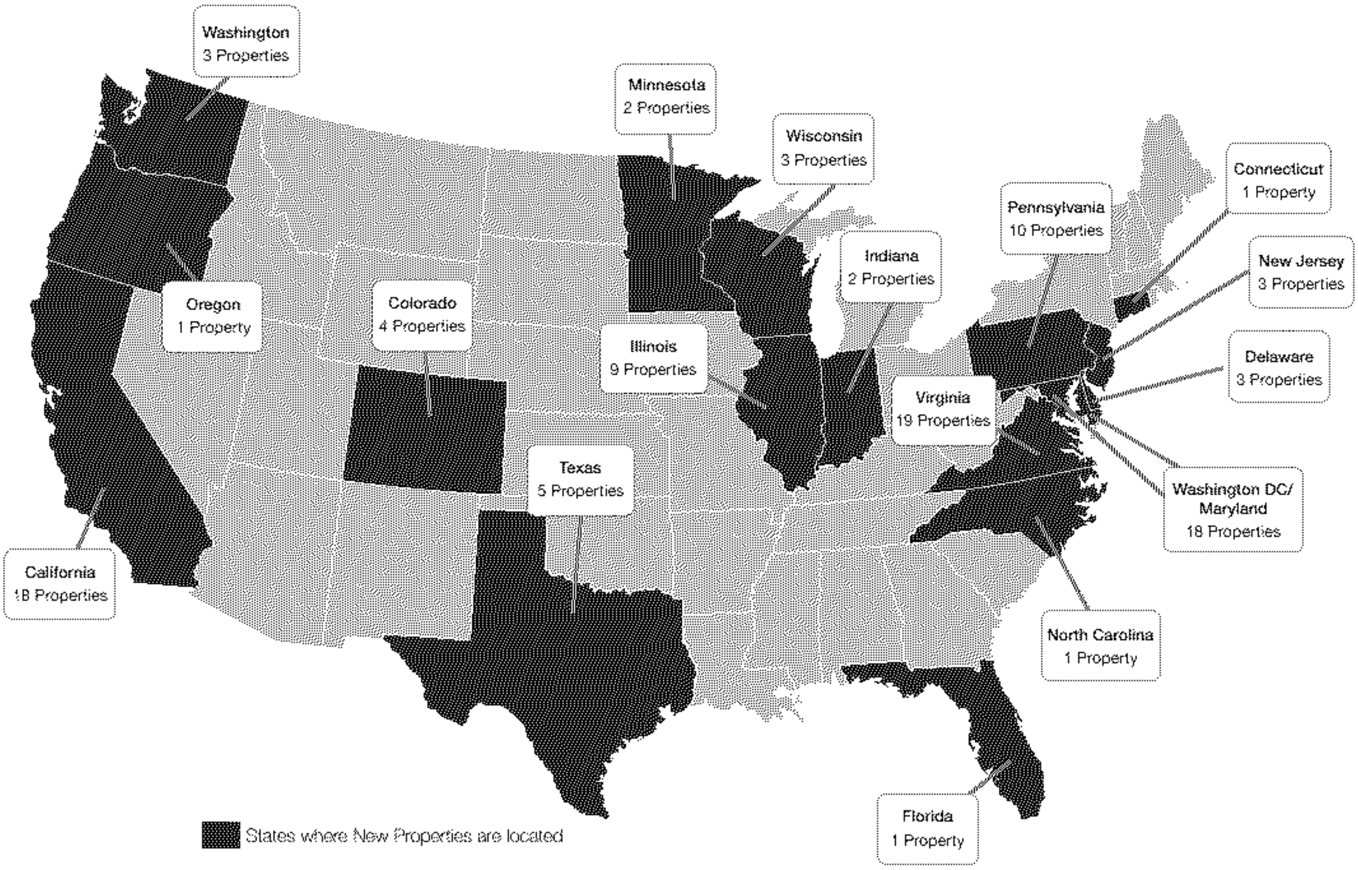
5.2.1 Geographic diversification in major MSAs

The New Properties are located in 17 states and the District of Columbia, with approximately 45% of the Portfolio located in the strong markets of Metropolitan Washington, DC/Baltimore area, Southern California and Northern California.

The First Washington Portfolio consists of entities owning an interest in 101 properties totalling approximately 13.0 million square feet, with an average occupancy of 96% and an average centre size of approximately 129,000 square feet.

Bear Creek is a recently completed development by Regency, located in Wildomar, Southern California. The shopping centre is 95% leased and anchored by Stater Brothers supermarket, with a long lease expiry of January 2025. Stater Brothers is the number one grocer in this market.

Heritage Plaza is a third party acquisition, located in Carol Stream, Illinois. The shopping centre is 100% leased and anchored by Jewel-Osco supermarket, part of Albertson's Inc., with a long lease expiry of February 2019. The acquisition includes additional land which will potentially be sold.



5.2.2 Market position and tenant diversification

Seventy seven per cent (77%) of grocery anchors have a top three market share ranking in their respective markets, demonstrating the strength of the portfolio. The presence of leading grocers facilitates negotiating leases with speciality retailers, attracting new tenants and re-leasing to existing tenants.

The following table lists the top 10 grocery store parent companies anchoring the New Properties:

Parent company	Credit rating[1]	Trading names	% of New Properties[2]
Safeway	BBB	Dominick's, Genuardi's, Randalls, Safeway, Vons	27.6%
Kroger	BBB	King Soopers, Kroger, Ralphs	8.1%
Ahold	BB	Giant Food	7.7%
Albertson's	BBB	Acme, Albertson's, Jewel-Osco	7.0%
SuperValu	BBB	Rack n' Sack, Shoppers Club, Shoppers Food Warehouse	7.0%
Roundy's	BB-	Pick 'n Save, Rainbow Foods	3.4%
Pathmark Stores	B	Pathmark	3.2%
Ukrop's	N/A	Ukrop's	2.5%
Raley's	N/A	Bel Air Market, Nob Hill Foods	2.3%
Delhaize Group	BB+	Food Lion	2.1%

(1) Standard & Poor's.

(2) Weighted by total owned centre GLA (includes centres with Shadow Anchors).

5.2.3 Valuation

The New Properties have been independently valued by CB Richard Ellis as follows:

Property/Portfolio	Contract Price US$ (100%)	Valuation US$ (100%)	Interest to be acquired by the Trust
First Washington Portfolio	$2,741.2 million	$2,750.0 million	65%
Bear Creek	$22.4 million	$23.0 million	75%
Heritage Plaza	$25.0 million	$26.2 million*	75%
Total	**$2,788.6 million**	**$2,799.2 million**	

* Assumes US$1.0 million of capital expenditure to be spent by the Regency Joint Venture.

The First Washington Portfolio has been independently valued on a portfolio valuation basis. Bear Creek, California and Heritage Plaza, Illinois have been independently valued on an individual basis.

The Valuation Report by CB Richard Ellis is set out in Section 8.

5.2.4 Purchase contract and property settlement

The Purchase and Sale Agreement for the First Washington Portfolio is summarised in Section 11.6.2.

The acquisition of the First Washington Portfolio is subject to certain conditions including transfer of title. The Acquisition Contract for this portfolio also includes limited warranties and indemnities, liability limits, certain price adjustment mechanisms and in limited circumstances, termination rights.

The Acquisition Contract for the First Washington Portfolio also specifies that a Deposit will be paid on the Deposit Date. First Washington will pay the Trust interest on the Deposit at a rate of 6.1% per annum between the Deposit Date and physical closing date of the New Properties except that the interest rate will decrease by 1% for each successive 30 day period if the physical closing does not occur within 90 days after the Deposit Date. It is envisaged that the physical closing of the assets will occur over a 30 to 60 day period after the Deposit Date.

Heritage Plaza was acquired on 2 February 2005 by the existing Regency Joint Venture. The property acquisition has been 100% debt funded.

Conditional contracts have been entered into by the Regency Joint Venture to acquire Bear Creek. Settlement is expected to occur on or around 1 March 2005.

5.3 Summary of New Properties

Property (100% interest)	City	MSA	Total retail area sq ft	Leased	Anchor tenant trading name
California (CA) properties					
1 Brea Marketplace	Brea	Los Angeles	298,193	93%	Toys "R" Us* Circuit City*
2 Granada Village Shopping Center	Granada Hills	Los Angeles	224,725	99%	Ralphs
3 Laguna Niguel Plaza	Laguna Niguel	Los Angeles	42,124	80%	Albertson's**
4 Lake Forest Village	Lake Forest	Los Angeles	119,706	96%	Albertson's
5 Silverado Plaza	Napa	Napa	84,916	100%	Nob Hill Foods
6 Twin Oaks Shopping Center	Agoura Hills	Oxnard	98,399	100%	Ralphs
7 Bear Creek Village Center †	Wildomar	Riverside	75,118	95%	Stater Brothers
8 Auburn Village	Auburn	Sacramento	133,944	98%	Bel Air Market
9 Stanford Ranch Village	Rocklin	Sacramento	89,874	98%	Bel Air Market
10 Navajo Shopping Center	San Diego	San Diego	102,138	100%	Albertson's
11 Point Loma Plaza	San Diego	San Diego	212,905	90%	Vons
12 Rancho San Diego Village	La Mesa	San Diego	152,895	98%	Vons
13 Bayhill Shopping Center	San Bruno	San Francisco	121,846	100%	Mollie Stone's Market
14 Pleasant Hill Shopping Center	Pleasant Hill	San Francisco	233,678	99%	Target* Toys "R" Us* Marshalls*
15 Ygnacio Plaza	Walnut Creek	San Francisco	109,429	94%	Albertson's
16 Mariposa Shopping Center	Santa Clara	San Jose	126,658	93%	Safeway
17 Snell & Branham Plaza	San Jose	San Jose	99,349	100%	Safeway
18 Five Points Shopping Center	Santa Barbara	Santa Barbara	144,553	100%	Albertson's
California subtotal			**2,470,450**		
Colorado (CO) properties					
19 Arapahoe Village	Boulder	Boulder	159,237	94%	Safeway
20 Applewood Shopping Center	Wheat Ridge	Denver	375,622	99%	King Soopers
21 Cherrywood Square Shopping Center	Littleton	Denver	86,161	99%	King Soopers
22 Ralston Square Shopping Center	Arvada	Denver	82,750	98%	King Soopers
Colorado subtotal			**703,770**		
Connecticut (CT) property					
23 Corbin's Corner	West Hartford	Hartford	177,207	94%	Toys "R" Us* Best Buy*
Connecticut subtotal			**177,207**		
Delaware (DE) properties					
24 First State Plaza	Stanton	Philadelphia	164,576	88%	Shop Rite
25 Newark Shopping Center	Newark	Philadelphia	184,017	77%	Dollar Express*
26 Shoppes of Graylyn	Wilmington	Philadelphia	66,676	98%	Rite Aid
Delaware subtotal			**415,269**		
District of Columbia (DC) property					
27 Spring Valley Shopping Center	Washington, DC	Washington, DC	16,834	100%	CVS/pharmacy
District of Columbia subtotal			**16,834**		

* Non-grocery/drug store anchor tenant.

** Shadow Anchor.

† Property to be purchased from Regency.

Grocery-anchor tenant company	Anchor tenant lease expiry	Anchor tenant area sq ft	Total tenant stores	Population 3 mile radius	Number of households 3 mile radius	Median annual household income (US$) 3 mile radius	Median annual household income relative to US median
	Jan 2016 Jan 2011	46,000 31,881	34	111,619	40,657	62,255	1.3x
Kroger	Sep 2020	40,198	38	134,512	46,880	66,760	1.4x
Albertson's	N/A	N/A	17	97,563	37,468	86,908	1.9x
Albertson's	Jan 2007	38,472	34	143,680	54,017	67,013	1.5x
Raley's	Jan 2015	31,833	18	73,022	26,847	55,768	1.2x
Kroger	Nov 2008	40,775	23	45,967	16,401	94,034	2.0x
Stater Brothers	Jan 2025	44,093	19	44,478	14,588	66,829	1.4x
Raley's	Jan 2015	45,540	35	26,049	10,890	45,744	1.0x
Raley's	Jul 2016	45,540	19	59,750	21,705	73,363	1.6x
Albertson's	Aug 2022	44,180	18	116,967	48,893	52,416	1.1x
Safeway	Dec 2008	50,000	46	103,069	47,796	49,852	1.1x
Safeway	Oct 2005	39,777	46	98,319	34,110	56,018	1.2x
Albeco	Sep 2026	32,110	31	126,701	43,156	74,211	1.6x
	Nov 2009 Nov 2009 Nov 2009	115,344 44,204 30,000	11	123,932	47,488	62,141	1.3x
Albertson's	Oct 2008	35,068	28	117,173	49,297	69,714	1.5x
Safeway	Dec 2021	42,896	22	208,680	79,739	78,332	1.7x
Safeway	Sep 2023	52,550	21	196,280	60,426	80,321	1.7x
Albertson's	May 2019	35,305	23	74,196	29,707	59,591	1.3x
		885,766	483				
Safeway	Nov 2006	43,500	24	89,946	37,829	47,242	1.0x
Kroger	Oct 2022	71,074	39	57,130	19,969	86,966	1.9x
Kroger	Jun 2008	51,640	18	108,361	40,936	81,473	1.8x
Kroger	Jan 2007	55,311	17	78,730	30,290	64,492	1.4x
		221,525	98				
	Jan 2007 Jan 2017	36,950 26,750	24	73,409	29,916	55,905	1.2x
		63,700	24				
Wakefern Food Corp	Sep 2009	57,319	25	62,843	25,266	52,130	1.1x
	Nov 2008	13,048	49	67,120	23,303	55,331	1.2x
	Mar 2016	23,500	18	83,122	34,167	65,303	1.4x
		93,867	92				
	Oct 2009	6,838	8	149,478	68,282	93,774	2.0x
		6,838	8				

Property (100% interest)	City	MSA	Total retail area sq ft	Leased	Anchor tenant trading name
Florida (FL) property					
28 Village Commons	West Palm Beach	Miami	169,053	99%	Publix
Florida subtotal			**169,053**		
Illinois (IL) properties					
29 Brentwood Commons	Bensenville	Chicago	125,585	88%	Dominick's
30 Civic Center Plaza	Niles	Chicago	265,015	99%	Dominick's
31 Heritage Plaza⊙	Carol Stream	Chicago	128,870	100%	Jewel-Osco
32 Mallard Creek Shopping Center#	Round Lake Beach	Chicago	143,574	97%	Dominick's
33 McHenry Commons Shopping Center	McHenry	Chicago	100,526	95%	Dominick's
34 Riverside Square & River's Edge Plaza	Chicago	Chicago	169,437	99%	Dominick's
35 Riverview Plaza	Chicago	Chicago	139,262	100%	Dominick's
36 Stonebrook Plaza Shopping Center	Merrionette Park	Chicago	95,826	100%	Dominick's
37 The Oaks Shopping Center	Des Plaines	Chicago	135,084	90%	Dominick's
Illinois subtotal			**1,303,179**		
Indiana (IN) properties					
38 Willow Lake Shopping Center	Indianapolis	Indianapolis	85,923	96%	Kroger**
39 Willow Lake West Shopping Center	Indianapolis	Indianapolis	52,961	100%	Trader Joe's
Indiana subtotal			**138,884**		
Maryland (MD) properties					
40 Elkridge Corners Shopping Center	Elkridge	Baltimore	73,529	100%	Superfresh
41 Festival at Woodholme	Baltimore	Baltimore	81,027	100%	Balducci's
42 Northway Shopping Center	Millersville	Baltimore	98,016	93%	Shoppers Food Warehouse
43 Parkville Shopping Center	Baltimore	Baltimore	162,433	100%	Superfresh
44 Southside Marketplace	Baltimore	Baltimore	125,147	100%	Shoppers Food Warehouse
45 Valley Centre	Owings Mills	Baltimore	252,314	97%	T.J. Maxx* Loews Cineplex Ent.* Home Goods* Staples*
46 Bowie Plaza	Bowie	Washington, DC	104,037	100%	Giant Food
47 Clinton Square Shopping Center	Clinton	Washington, DC	18,961	94%	N/A
48 Cloppers Mill Village Shopping Center	Germantown	Washington, DC	137,035	100%	Shoppers Club
49 Firstfield Shopping Center	Gaithersburg	Washington, DC	22,328	100%	N/A
50 Goshen Plaza	Gaithersburg	Washington, DC	45,654	100%	CVS/pharmacy
51 Mitchellville Plaza◊	Mitchellville	Washington, DC	156,124	95%	Food Lion
52 Penn Station Shopping Center	District Heights	Washington, DC	244,816	96%	Safeway**
53 Rosecroft Shopping Center#	Temple Hills	Washington, DC	119,010	86%	Food Lion
54 Takoma Park Shopping Center	Takoma Park	Washington, DC	108,168	98%	Shoppers Food Warehouse
55 Watkins Park Plaza	Mitchellville	Washington, DC	113,443	99%	Safeway
56 Woodmoor Shopping Center◊	Silver Spring	Washington, DC	65,791	98%	CVS/pharmacy
Maryland subtotal			**1,927,833**		

* Non-grocery/drug store anchor tenant.

** Shadow Anchor.

⊙ Property to be purchased from a third party.

\# Property planned for disposal.

Grocery-anchor tenant company	Anchor tenant lease expiry	Anchor tenant area sq ft	Total tenant stores	Population 3 mile radius	Number of households 3 mile radius	Median annual household income (US$) 3 mile radius	Median annual household income relative to US median
Publix	Jul 2007	39,975	51	89,283	39,547	32,973	0.7x
		39,975	**51**				
Safeway	Feb 2022	64,762	18	92,136	30,475	58,361	1.3x
Safeway	Oct 2009	87,135	17	158,507	60,863	64,588	1.4x
Albertson's	Feb 2019	64,922	27	79,077	25,419	82,823	1.8x
Safeway	Dec 2008	76,258	28	84,267	26,898	71,137	1.5x
Safeway	Oct 2008	76,170	18	34,368	12,639	62,470	1.4x
Safeway	Apr 2017	74,495	27	390,244	118,233	30,817	0.7x
Safeway	Mar 2006	50,094	17	172,453	61,745	52,432	1.1x
Safeway	Nov 2005	63,000	14	301,744	113,164	48,270	1.0x
Safeway	Jun 2017	63,863	28	114,324	43,928	56,419	1.2x
		620,699	**194**				
Kroger	N/A	N/A	22	57,611	24,243	52,662	1.1x
Trader Joe's	Jan 2011	10,028	15	57,024	24,052	52,391	1.1x
		10,028	**37**				
A&P	Dec 2010	39,571	12	88,890	36,801	52,202	1.1x
Balducci's	Sep 2006	14,207	28	51,394	14,925	66,826	1.4x
SuperValu	May 2007	49,028	20	68,154	26,187	56,735	1.2x
A&P	Feb 2016	41,223	34	166,485	69,166	47,019	1.0x
SuperValu	Sep 2016	44,264	27	207,617	83,239	26,297	0.6x
	Apr 2007 Feb 2010 Oct 2017 Oct 2017	32,148 32,058 25,691 24,083	33	62,212	26,430	60,740	1.3x
Ahold	Sep 2007	21,750	31	43,660	14,803	87,777	1.9x
	N/A	N/A	12	56,668	18,922	70,305	1.5x
SuperValu	Nov 2015	70,057	22	79,297	29,299	76,654	1.7x
	N/A	N/A	12	139,212	51,571	69,111	1.5x
	Apr 2008	10,162	22	92,796	32,737	73,812	1.6x
Delhaize Group	Feb 2017	45,100	49	50,176	18,323	84,752	1.8x
Safeway	N/A	N/A	51	143,716	55,615	45,393	1.0x
Delhaize Group	Dec 2015	33,000	26	103,758	39,471	52,940	1.1x
SuperValu	Dec 2011	63,643	21	253,459	92,371	48,034	1.0x
Safeway	Oct 2007	43,205	30	52,105	18,867	87,111	1.9x
	Feb 2005	8,296	44	188,151	70,054	58,730	1.3x
		597,486	**474**				

◊ Property owned by an entity which has on issue $439,000 of preference capital on which coupon based distributions are payable. This preference capital does not form part of the Acquisition. The Regency Joint Venture will acquire 100% of the ordinary equity.

Property (100% interest)	City	MSA	Total retail area sq ft	Leased	Anchor tenant trading name
Minnesota (MN) properties					
57 Colonial Square	Wayzata	Minneapolis-St Paul	93,200	100%	Lunds
58 Rockford Road Plaza	Plymouth	Minneapolis-St Paul	207,897	96%	Rainbow Foods
Minnesota subtotal			**301,097**		
New Jersey (NJ) properties					
59 Edgewater Commons##	Edgewater	New York	423,620	98%	Pathmark
60 Plaza Square	Wayne	New York	103,842	100%	Shop Rite
61 Westmont Shopping Center	Westmont	Philadelphia	52,640	93%	Acme
New Jersey subtotal			**580,102**		
North Carolina (NC) property					
62 Shoppes of Kildaire	Cary	Raleigh	148,204	95%	Winn-Dixie
North Carolina subtotal			**148,204**		
Oregon (OR) properties					
63 Greenway Town Center	Tigard	Portland	93,100	83%	Lambs Thriftway
Oregon subtotal			**93,100**		
Pennsylvania (PA) properties					
64 Allen Street Shopping Center#	Allentown	Allentown	46,420	97%	Ahart's Market
65 Stefko Boulevard Shopping Center	Bethlehem	Allentown	133,824	94%	Valley Farm Market
66 City Avenue Shopping Center#	Philadelphia	Philadelphia	156,722	95%	Ross 'Dress for Less'* T.J. Maxx* Sears Paint & Hardware*
67 Mayfair Shopping Center	Philadelphia	Philadelphia	112,275	99%	Shop n Bag
68 Mercer Square Shopping Center	Doylestown	Philadelphia	91,400	98%	Genuardi's
69 Newtown Square Shopping Center	Newtown Square	Philadelphia	146,893	96%	Acme
70 Towamencin Village Square	Lansdale	Philadelphia	122,916	100%	Genuardi's
71 Warwick Square Shopping Center	Jamison	Philadelphia	93,269	98%	Genuardi's
72 Kenhorst Plaza	Kenhorst	Reading	161,424	92%	Redner's
73 Colonial Square	York	York	28,640	80%	Minnich's Pharmacy
Pennsylvania subtotal			**1,093,783**		
Texas (TX) properties					
74 First Colony Marketplace	Sugar Land	Houston	111,675	97%	Randalls
75 Memorial Collection Shopping Center	Houston	Houston	103,382	100%	Randalls
76 Weslayan Plaza East & West Shopping Center	Houston	Houston	357,250	95%	Randalls

* Non-grocery/drug store anchor tenant.

\# Property planned for disposal.

\## Regency Joint Venture to hold 50% interest; figures shown represent 100% interest.

Grocery-anchor tenant company	Anchor tenant lease expiry	Anchor tenant area sq ft	Total tenant stores	Population 3 mile radius	Number of households 3 mile radius	Median annual household income (US$) 3 mile radius	Median annual household income relative to US median
Lunds	Dec 2013	43,978	18	36,570	14,338	84,966	1.8x
Roundy's	Sep 2011	65,608	27	60,713	23,493	84,133	1.8x
		109,586	**45**				
Pathmark Stores	Jun 2016	63,966	31	867,622	375,092	44,873	1.0x
Wakefern Food Corp	May 2015	60,000	18	97,955	32,456	69,138	1.5x
Albertson's	Nov 2005	34,240	5	141,277	54,997	47,843	1.0x
		158,206	**54**				
Winn-Dixie	Jun 2006	44,000	32	62,163	23,926	72,912	1.6x
		44,000	**32**				
Unified Western Grocers	Dec 2009	37,500	15	126,871	50,859	56,638	1.2x
		37,500	**15**				
Ahart's Market	Feb 2008	22,075	12	125,134	49,354	35,795	0.8x
Valley Farm Market	Oct 2013	73,000	21	81,804	31,526	42,576	0.9x
	Jan 2014 Jan 2007 Dec 2007	30,000 22,538 19,876	49	273,003	104,816	43,177	0.9x
Thriftway Shop n Bag	Nov 2013	25,673	28	282,844	106,287	37,415	0.8x
Safeway	Oct 2015	50,708	17	35,052	13,261	78,232	1.7x
Albertson's	Jan 2014	56,226	37	40,687	14,988	76,818	1.7x
Safeway	Oct 2010	40,750	22	59,760	23,512	63,921	1.4x
Safeway	Oct 2019	50,658	20	48,488	17,001	74,194	1.6x
Redner's	Apr 2010	52,070	28	68,243	28,232	36,161	0.8x
	Apr 2008	7,261	16	78,627	31,475	35,045	0.8x
		450,835	**250**				
Safeway	Nov 2018	68,150	12	85,957	28,057	84,224	1.8x
Safeway	Jun 2013	53,993	18	109,128	48,947	55,926	1.2x
Safeway	Jun 2005	51,960	54	172,864	81,549	57,961	1.2x

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Property (100% interest)	City	MSA	Total retail area sq ft	Leased	Anchor tenant trading name
Texas (TX) properties (continued)					
77 Westheimer Marketplace#	Houston	Houston	135,936	82%	Randalls
78 Woodway Collection	Houston	Houston	111,005	99%	Randalls
Texas subtotal			**819,248**		
Virginia (VA) properties					
79 Gayton Crossing	Richmond	Richmond	156,915	97%	Ukrop's
80 Glen Lea Centre	Richmond	Richmond	78,493	99%	Winn-Dixie
81 Hanover Village Shopping Center	Mechanicsville	Richmond	96,146	98%	Rack n' Sack
82 Laburnum Park Shopping Center	Richmond	Richmond	64,993	87%	Ukrop's**
83 Laburnum Square Shopping Center	Richmond	Richmond	109,405	89%	Kroger
84 Village Shopping Center	Richmond	Richmond	111,177	98%	Ukrop's
85 601 King Street	Alexandria	Washington, DC	8,499	94%	N/A
86 Ashburn Farm Village Center	Ashburn	Washington, DC	88,917	100%	Shoppers Food Warehouse
87 Brafferton Center	Stafford	Washington, DC	94,731	100%	Giant Food
88 Centre Ridge Marketplace	Centreville	Washington, DC	104,154	100%	Shoppers Food Warehouse
89 Festival at Manchester Lakes	Franconia	Washington, DC	165,568	92%	Shoppers Food Warehouse
90 Fox Mill Shopping Center	Reston	Washington, DC	103,269	100%	Giant Food
91 Greenbriar Town Center	Chantilly	Washington, DC	345,935	100%	Giant Food
92 Kamp Washington Shopping Center	Fairfax	Washington, DC	71,825	100%	Borders*
93 Kings Park Shopping Center	Springfield	Washington, DC	77,202	100%	Giant Food
94 Saratoga Shopping Center	Springfield	Washington, DC	101,588	97%	Giant Food
95 Town Center at Sterling Shopping Center◊	Sterling	Washington, DC	190,069	100%	Giant Food
96 Willston Centre I◊	Falls Church	Washington, DC	105,376	100%	CVS/pharmacy
97 Willston Centre II◊	Falls Church	Washington, DC	127,449	100%	Safeway
Virginia subtotal			**2,201,711**		
Washington (WA) properties					
98 Aurora Marketplace	Edmonds	Seattle	106,921	95%	Safeway
99 Eastgate Plaza	Bellevue	Seattle	78,230	100%	Albertson's
100 Overlake Fashion Plaza	Redmond	Seattle	80,555	100%	Marshalls*
Washington subtotal			**265,706**		
Wisconsin (WI) properties					
101 Cudahy Center Shopping Center#	Cudahy	Milwaukee	103,254	83%	Pick 'n Save
102 Racine Centre Shopping Center	Racine	Milwaukee	135,827	99%	Piggly Wiggly
103 Whitnall Square Shopping Center	Milwaukee	Milwaukee	133,301	100%	Pick 'n Save
Wisconsin subtotal			**372,382**		
Total			**13,197,812**		
Total (excluding planned disposals)			**12,649,618**		

* Non-grocery/drug store anchor tenant.

** Shadow Anchor.

Property planned for disposal.

◊ Property owned by an entity which has on issue $439,000 of preference capital on which coupon based distributions are payable. This preference capital does not form part of the Acquisition. The Regency Joint Venture will acquire 100% of the ordinary equity.

Grocery-anchor tenant company	Anchor tenant lease expiry	Anchor tenant area sq ft	Total tenant stores	Population 3 mile radius	Number of households 3 mile radius	Median annual household income (US$) 3 mile radius	Median annual household income relative to US median
Safeway	Dec 2018	68,150	12	135,079	60,625	53,444	1.1x
Safeway	Jun 2013	56,596	19	166,596	78,051	47,585	1.0x
		298,849	115				
Ukrop's	Jan 2012	38,408	58	71,567	30,198	62,210	1.3x
Winn-Dixie	Apr 2005	35,000	13	44,155	17,736	41,969	0.9x
SuperValu	Oct 2008	34,573	18	35,871	14,608	40,805	0.9x
Ukrop's	N/A	N/A	26	49,500	19,547	37,354	0.8x
Kroger	Oct 2013	45,157	22	36,902	14,770	50,301	1.1x
Ukrop's	Sep 2019	45,023	30	71,160	30,927	50,002	1.1x
	N/A	N/A	19	123,928	55,916	65,413	1.4x
SuperValu	Dec 2016	57,030	15	48,275	15,875	98,585	2.1x
Ahold	Dec 2009	43,520	25	42,071	13,453	73,310	1.6x
SuperValu	May 2016	55,138	14	85,834	29,219	88,362	1.9x
SuperValu	Jun 2026	65,000	38	93,494	34,961	82,301	1.8x
Ahold	Feb 2018	49,837	24	95,829	34,071	96,511	2.1x
Ahold	Mar 2012	62,319	60	85,492	30,823	101,097	2.2x
	Jan 2011	30,000	10	83,294	31,525	87,261	1.9x
Ahold	Feb 2013	28,161	18	116,356	40,648	91,219	2.0x
Ahold	May 2012	39,187	22	87,025	30,312	88,103	1.9x
Ahold	Jun 2013	46,935	44	105,963	36,875	93,970	2.0x
	Jan 2008	11,206	43	202,251	79,263	70,504	1.5x
Safeway	Apr 2016	42,491	32	212,096	84,675	68,737	1.5x
		728,985	531				
Safeway	Aug 2011	48,893	19	118,807	48,270	53,248	1.2x
Albertson's	Oct 2018	28,775	15	76,740	30,113	74,598	1.6x
	Jan 2012	26,640	19	87,531	37,849	61,283	1.3x
		104,308	53				
Roundy's	Oct 2006	62,865	9	54,181	23,371	45,417	1.0x
Piggly Wiggly	Jul 2013	50,979	14	86,085	33,190	42,241	0.9x
Roundy's	Dec 2009	69,090	16	70,447	31,544	45,166	1.0x
		182,934	39				
		4,655,087	2,595				
		4,392,739	2,508				

A large percentage of the portfolio is located in major metropolitan markets with strong demographics. The majority of New Properties are concentrated in Southern California, Northern California and Metropolitan Washington, DC, Chicago and Philadelphia.

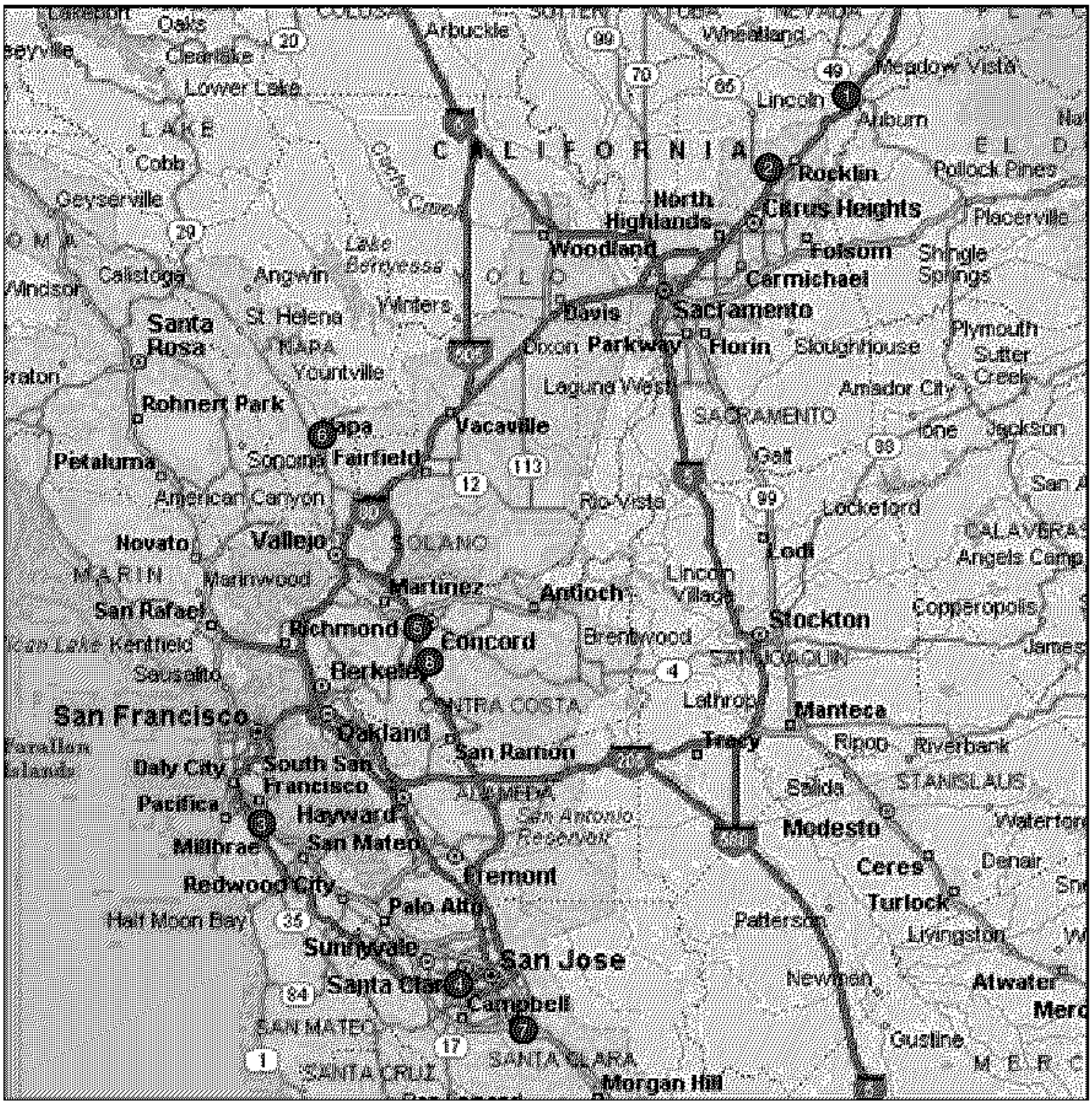
Southern California

The state of California by itself is the seventh largest economy in the world, and 10 of the New Properties are located in the Southern Californian region. This region is represented by four of the strongest performing retail markets in the US, Los Angeles, Orange County, Riverside-San Bernadino and San Diego (all ranked in the top 10 in Marcus & Millichap's National Retail Index 2004 survey). Los Angeles, with a county population of approximately 10 million, is expected to deliver one of the highest rental growth rates of the major US markets, whilst maintaining one of the lowest vacancy rates. The San Diego retail market is expected to achieve its lowest vacancy rate for some years, with demand stimulated by employment growth in the defence, biotech and tourism sectors.

1 Bear Creek Village Center
2 Granada Village Shopping Center
3 Twin Oaks Shopping Center
4 Brea Marketplace
5 Laguna Niguel Plaza
6 Lake Forest Village
7 Navajo Shopping Center
8 Point Loma Plaza
9 Rancho San Diego Village
10 Five Points Shopping Center

Northern California

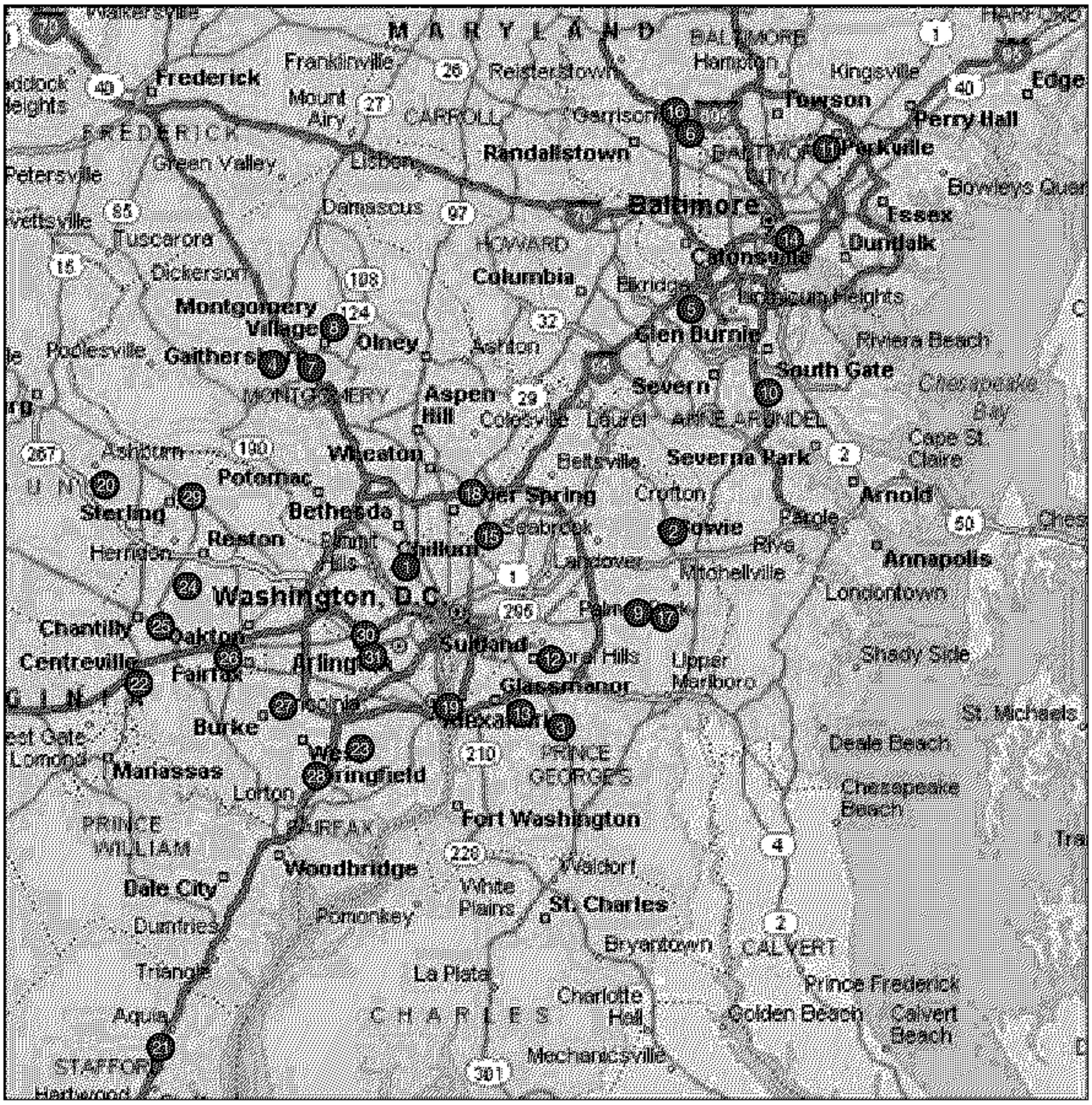
Eight of the New Properties are situated in the Northern Californian region, which includes the major cities of San Francisco, San Jose and the state capital, Sacramento. San Francisco is ranked the number five market in Marcus & Millichap's National Retail Index 2004 survey. Following a downturn in 2001 and 2002, retail sales moved into positive territory in 2003, boosted by rising home equity and positive net migration levels. Importantly, the level of new retail completions was expected to reach a five year low in 2004, providing impetus for lower vacancies and increased rental growth moving forward.



1 Auburn Village
2 Stanford Ranch Village
3 Bayhill Shopping Center
4 Mariposa Shopping Center
5 Pleasant Hill Shopping Center
6 Silverado Plaza
7 Snell & Branham Plaza
8 Ygnacio Plaza

Metropolitan Washington, DC, Maryland and Virginia

Almost one third of the New Properties are located in the buoyant markets of Washington, DC, Maryland and Virginia. Washington, DC is one of the strongest retail markets in the US, and ranked as the number two market in Marcus & Millichap's National Retail Index 2004 survey. As the nation's capital city, the presence of federal offices and military headquarters attracts a high level of supporting services, particularly law firms and other professional firms. The retail market in particular is buoyed by relatively high income levels (approximately twice the national average), dense population and strong population growth.



1 Spring Valley Shopping Center
2 Bowie Plaza
3 Clinton Square Shopping Center
4 Cloppers Mill Village Shopping Center
5 Elkridge Corners Shopping Center
6 Festival at Woodholme
7 Firstfield Shopping Center
8 Goshen Plaza
9 Mitchellville Plaza
10 Northway Shopping Center
11 Parkville Shopping Center
12 Penn Station Shopping Center
13 Rosecroft Shopping Center
14 Southside Marketplace
15 Takoma Park Shopping Center
16 Valley Centre
17 Watkins Park Plaza
18 Woodmoor Shopping Center
19 601 King Street
20 Ashburn Farm Village Center
21 Brafferton Center
22 Centre Ridge Marketplace
23 Festival at Manchester Lakes
24 Fox Mill Shopping Center
25 Greenbriar Town Center
26 Kamp Washington Shopping Center
27 Kings Park Shopping Center
28 Saratoga Shopping Center
29 Town Center at Sterling Shopping Center
30 Williston Centre I
31 Williston Centre II

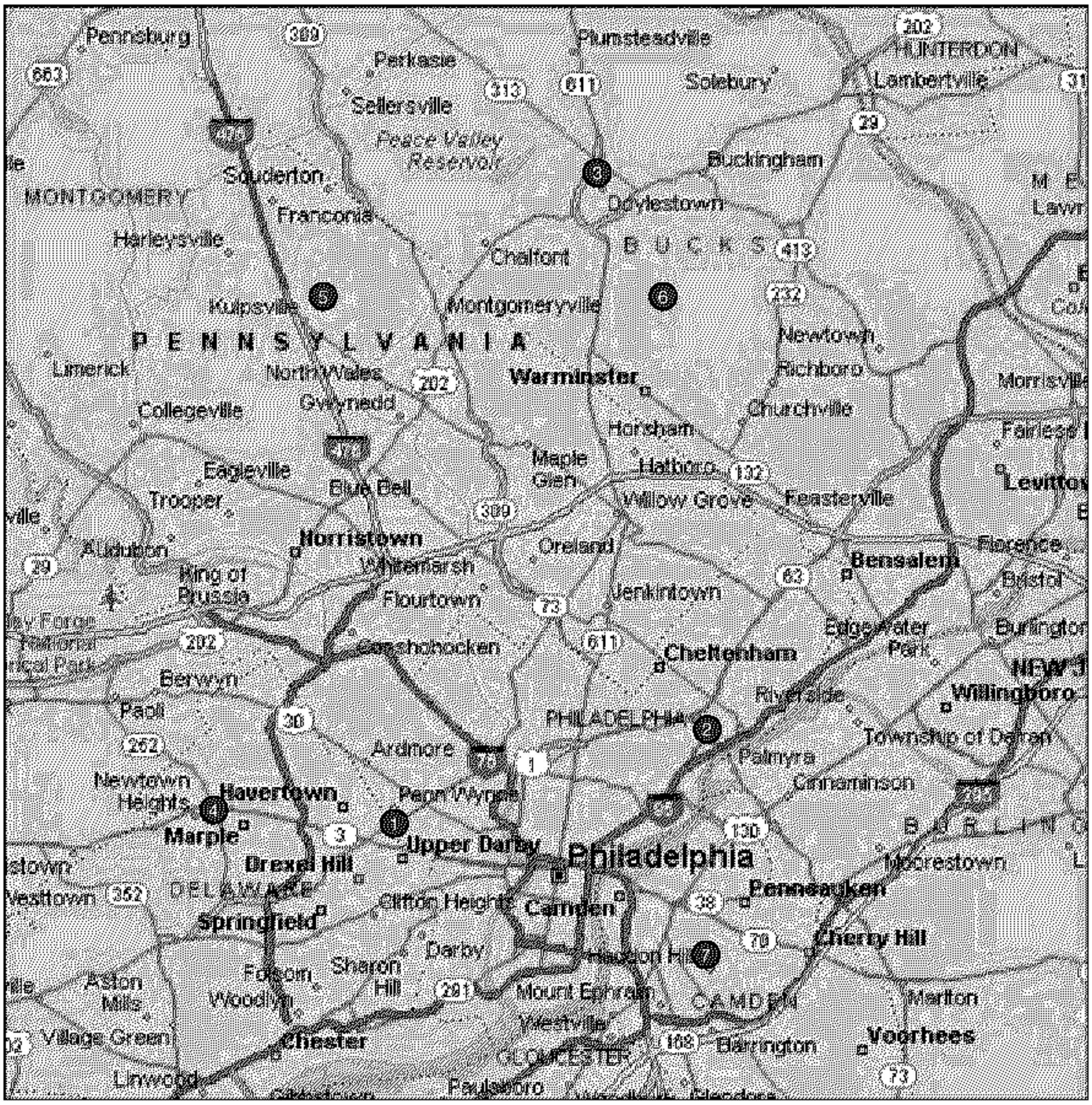
Metropolitan Chicago, Illinois

The Chicago market is a key retail market in the midwest region of the US, with a MSA population exceeding 8.5 million. Seven of the nine New Properties located in the region are situated in the more affluent areas of Chicago, the north and northwest. The broader retail market is experiencing growth in retail sales and, although vacancy rates remain high in some secondary locations, well located properties continue to perform at near-full occupancy.

1. Brentwood Commons
2. Civic Center Plaza
3. Heritage Plaza
4. Mallard Creek Shopping Center
5. McHenry Commons Shopping Center
6. Riverside Square & River's Edge Plaza
7. Riverview Plaza
8. Stonebrook Plaza Shopping Center
9. The Oaks Shopping Center

Metropolitan Philadelphia, Pennsylvania

The Philadelphia retail market, in which seven of the New Properties are located, has experienced strong investor demand as a result of the growing population and expanding economy. The retail market has been steady, with vacancy levels at the high end of historic levels as a result of supply additions in recent years. Philadelphia's densely populated urban areas, providing barriers to entry for competing retail supply together with forecast economic growth, make Philadelphia a sound long term investment location.



1. City Avenue Shopping Center
2. Mayfair Shopping Center
3. Mercer Square Shopping Center
4. Newtown Square Shopping Center
5. Towamencin Village Square
6. Warwick Square Shopping Center
7. Westmont Shopping Center

5.4 Key impacts on portfolio

	Pre Acquisition[1]	Post Acquisition[2]
Number of properties[3]	147	250
Total portfolio GLA[3]	880,382 sqm	2,106,459 sqm
Average property size[4]	6,030 sqm	8,460 sqm
Total assets[5]	$1.84 billion	$4.26 billion
Weighted average grocery anchor tenant lease expiry[6]	11.7 years	9.9 years
Occupancy[7]	98.5%	97.2%

5.4.1 Portfolio summary by property type

Property type	Pre Acquisition[1][3]			Post Acquisition[2][3]		
	Number	Total GLA (sqm)	% of total	Number	Total GLA (sqm)	% of total
Supermarket (freestanding)	50	158,673	18.0%	50	158,673	7.5%
Grocery/drug store anchored shopping centres	94	676,035	76.8%	186	1,762,363	83.7%
Discount department store (freestanding)	1	6,298	0.7%	1	6,298	0.3%
Other	2	39,376	4.5%	13	179,125	8.5%
Total	**147**	**880,382**	**100.0%**	**250**	**2,106,459**	**100.0%**

[1] Pre Acquisition properties comprise all of the properties included in the unaudited Consolidated Statement of Financial Position as at 31 December 2004 excluding properties identified for disposal in the Branch Acquisition and including acquisitions announced to date (Meadowbank (NZ), Hilltop Village (US) and Mackay (QLD)). Refer to Section 6.5.1.

[2] Post Acquisition properties comprise all of the pre Acquisition properties plus the New Properties.

[3] Excludes Shadow Anchors' GLA.

[4] Development property at Mackay, QLD currently has no GLA and has therefore been excluded from calculation.

[5] Pre Acquisition is based on the book value as at 31 December 2004 and the pro forma transactions excluding the Acquisition. Post Acquisition is based on the pro forma transactions including the Acquisition, refer to Section 6.5.1.

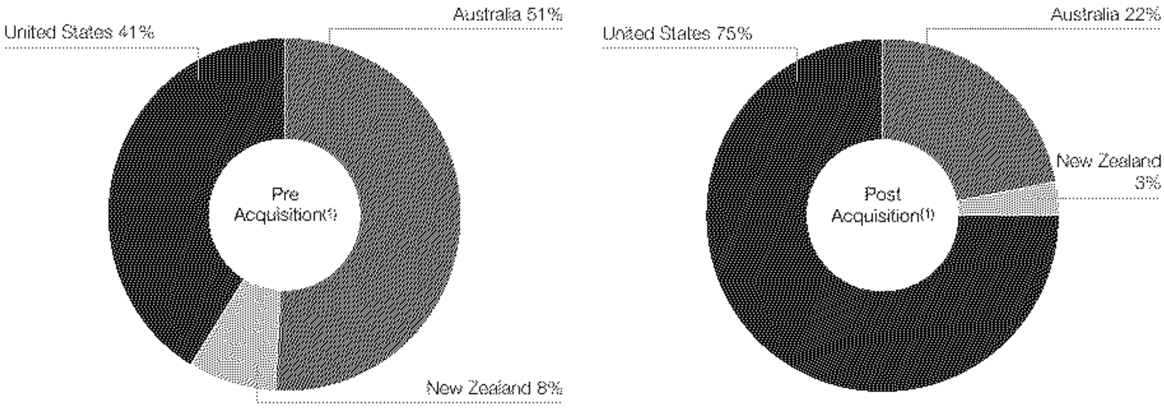
[6] As at 31 January 2005, weighted by property GLA.

[7] Excludes vacancies held for development in Existing Properties.

5.4.2 Geographic diversification

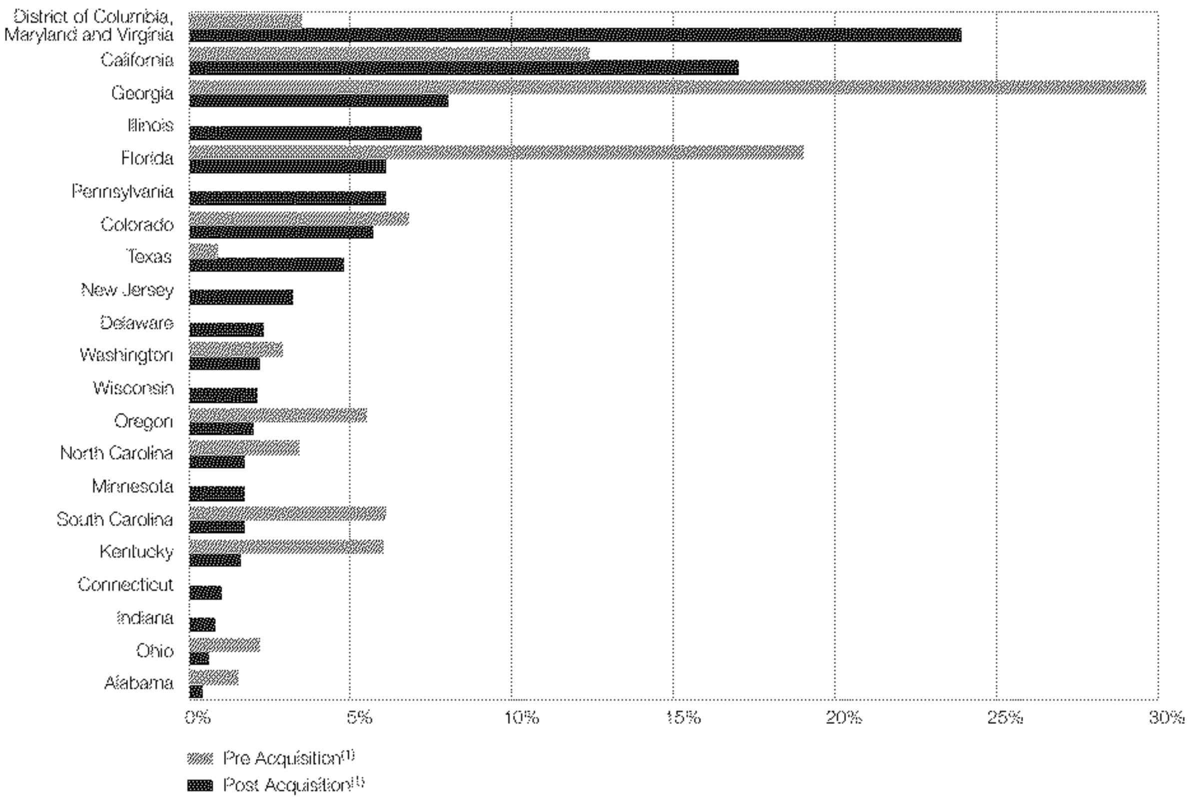
The pie graphs below illustrate the Trust's global diversity. Pre Acquisition is based on the book values as at 31 December 2004 and the pro forma transactions excluding the Acquisition. Post Acquisition is based on the pro forma transactions including the Acquisition (refer to Section 6.5.1).

Global diversification



US diversification

The graph below illustrates the Trust's geographic diversity (by GLA) in the US following the acquisition of the New Properties:



(1) For details of the pre Acquisition and post Acquisition properties, refer to Section 5.4.

5.5 Portfolio summary post Acquisition

The table below summarises the Trust's portfolio following the acquisition of the New Properties. For details of the properties, included refer to Section 5.4:

Location	Number of properties	Total retail area[1] sqm	% total retail area	Anchor tenant area[1] sqm	Total tenant stores
Australian Capital Territory	2	8,676	0.4%	6,642	25
New South Wales	23	97,074	4.6%	77,949	205
Queensland[2]	20	99,432	4.7%	71,546	287
South Australia	4	21,060	1.0%	14,766	50
Tasmania	7	16,179	0.8%	15,268	17
Victoria	11	40,515	1.9%	36,161	39
Western Australia	12	74,026	3.5%	55,696	171
Australian total	**79**	**356,962**	**16.9%**	**278,028**	**794**
New Zealand total	**19**	**71,190**	**3.4%**	**69,766**	**21**
Alabama	1	6,979	0.3%	5,332	14
California	22	285,744	13.6%	98,372	606
Colorado	7	96,345	4.6%	38,629	162
Connecticut	1	16,463	0.8%	5,918	24
Delaware	3	38,579	1.8%	8,720	92
District of Columbia	1	1,564	0.1%	635	8
Florida	9	101,747	4.8%	45,632	258
Georgia	17	133,783	6.4%	64,450	287
Illinois	9	121,065	5.7%	57,663	194
Indiana	2	12,902	0.6%	932	37
Kentucky	2	27,224	1.3%	10,265	43
Maryland	17	179,096	8.5%	55,506	474
Minnesota	2	27,972	1.3%	10,181	45
New Jersey	3	53,892	2.6%	14,697	54
North Carolina	3	29,112	1.4%	12,435	67
Ohio	1	10,117	0.5%	6,039	18
Oregon	3	33,510	1.6%	19,516	69
Pennsylvania	10	101,612	4.8%	41,883	250
South Carolina	5	27,759	1.3%	18,788	59
Texas	6	80,366	3.8%	27,763	140
Virginia	21	220,170	10.5%	78,904	559
Washington	4	37,712	1.8%	16,033	77
Wisconsin	3	34,594	1.6%	16,995	39
US total	**152**	**1,678,307**	**79.7%**	**655,288**	**3,576**
Portfolio total	**250**	**2,106,459**	**100.0%**	**1,003,082**	**4,391**

(1) Excludes Shadow Anchors GLA.

(2) Development property at Mackay, QLD announced 20 January 2005 currently has no GLA.

5.6 Joint venture structure

The Acquisition is a significant transaction for the Trust and in order to provide an appropriate investment and management platform, a new joint venture has been established with Regency to hold and manage the First Washington Portfolio and future acquisitions.

Regency, the Trust and Macquarie Bank Limited have agreed that they will form new entities to acquire and manage the First Washington Portfolio and future acquisitions.

The major commercial terms of the new joint venture structure have been documented in a heads of agreement which has been signed by the parties. Final documentation will be signed in due course.

The First Washington Portfolio will be acquired by a new holding company (MCWR). The Trust will hold a 65% interest in MCWR through a New REIT which in turn, will be wholly owned by an existing US REIT controlled by the Trust. Regency will hold the remaining 35% in MCWR.

The implementation of these new joint venture arrangements will require detailed final documentation, aspects of which may require regulatory approvals which if necessary will be sought in due course.

Asset and corporate management services

A new entity (US Manager) will be established to provide corporate and asset management services to both the New REIT and MCWR.

The US Manager will be jointly owned by an entity within the Macquarie Bank Group and by Regency.

The services to be provided by the US Manager will include:

- identifying, recommending and implementing investment opportunities;
- monitoring the supply and demand fundamentals of the shopping centre market;
- developing debt financing strategies and arranging debt financing;
- monitoring and recommending changes to the investment criteria of the responsible entity;
- managing the portfolio including development and implementation of portfolio strategic plans and budgets;
- creating and implementing annual asset management plans;
- overseeing sub-contracted services;
- developing and recommending plans for extraordinary capital expenditure;
- accounting and reporting at property level;
- accounting and reporting at US LLC and REIT level; and
- managing treasury and tax issues.

The Manager will not charge a base fee to the extent that fees are paid to the US Manager.

The agreements provide for pre-emptive rights in certain circumstances. Refer Section 11.6.3 for a summary of the principal terms of the proposed agreements.

Property management and related services

Regency will provide property management, leasing, development and other services in respect of the First Washington Portfolio.

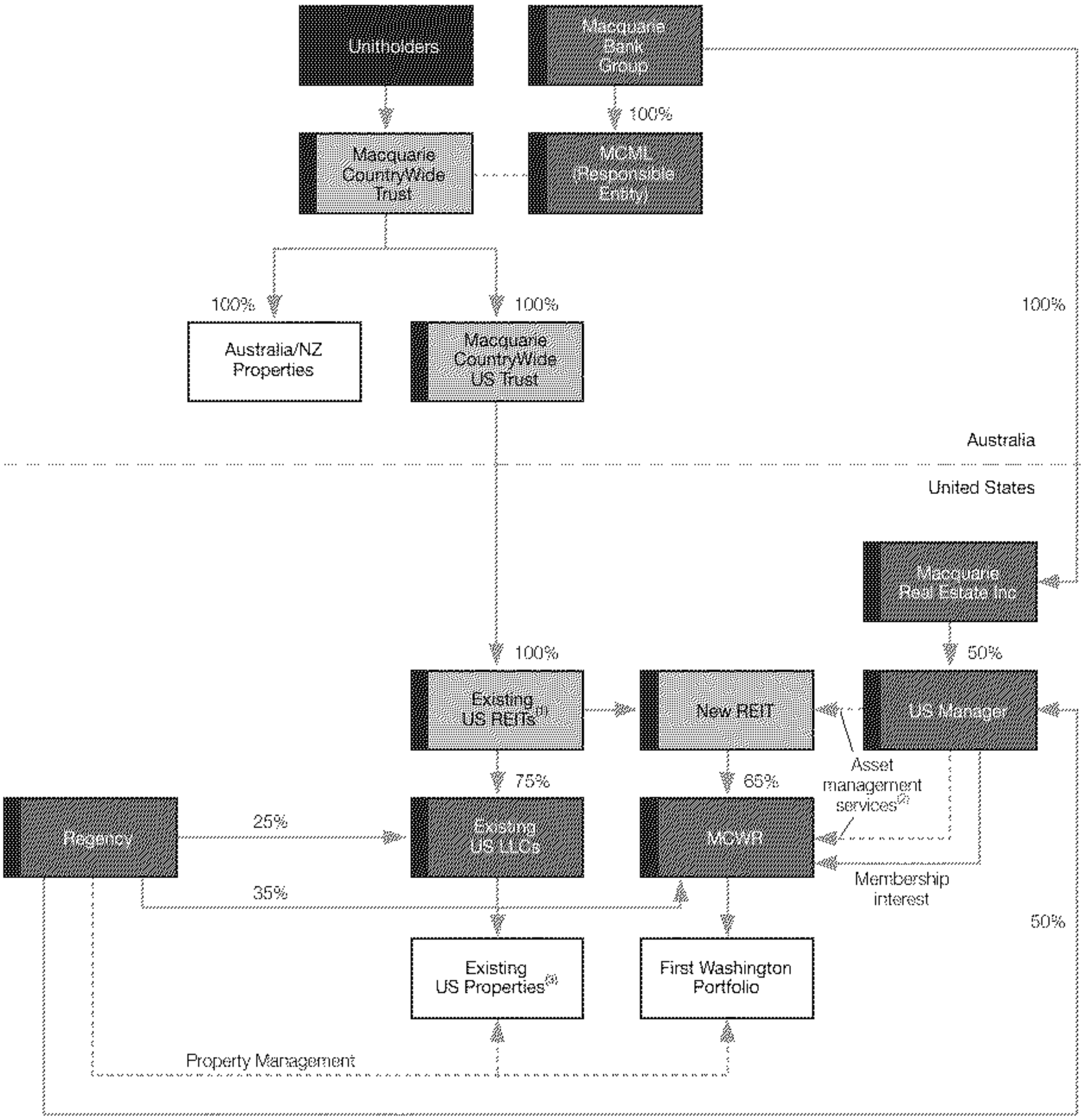
These services will be charged at market rates (reviewed every three years) for a term of 10 years with two options to extend of five years each.

The services to be provided will include:

- employment of all property management staff;
- preparation of all annual budgets;
- maintenance of bank accounts;
- collection of all rents;
- maintenance of all operational and management reports;
- compliance with all applicable laws;
- management of sub-contractors;
- maintenance of properties in accordance with approved budget;
- maintenance of insurance coverage;
- disbursement of funds related to property expenses;
- leasing of properties including advertising, reviewing credit quality of tenants and executing leases;
- payment of all relevant taxes related to the properties; and
- documentation in relation to determination of market value of the properties and assist in the transfer or sale of the properties.

The Existing Properties as well as Bear Creek and Heritage Plaza will be managed within the existing joint venture arrangements.

The following diagram illustrates the new joint venture structure for the First Washington Portfolio and future US acquisitions:



(1) One of the existing US REITs, Macquarie CountryWide (US) Corporation will own 100% of the New REIT formed to hold the Trust's share of the First Washington Portfolio.

(2) Asset management service, will be provided to MCWR by the US Manager as described in Section 11.6.

(3) Existing Properties plus Bear Creek and Heritage Plaza will be owned by existing joint venture entities in which the existing US REITs own a 75% interest.

The following forecast financial information (Financial Information) should be read in conjunction with the principal accounting policies referred to in Section 6.3, the key forecast assumptions are set out in Section 6.5, the sensitivity analysis in Section 6.6 and the risk factors outlined in Section 9.

6.1 Unaudited and pro forma Consolidated Statement of Financial Position as at 31 December 2004

The following table sets out the unaudited Consolidated Statement of Financial Position of the Trust as at 31 December 2004 and the pro forma Consolidated Statement of Financial Position of the Trust as at 31 December 2004.

The pro forma Consolidated Statement of Financial Position assumes completion of the Rights Offer and Placement, the Acquisition and other transactions as described in Section 6.5.1, as if these transactions had taken place as at 31 December 2004.

	Unaudited Consolidated Statement of Financial Position as at 31 December 2004 A$'000	Pro forma Consolidated Statement of Financial Position as at 31 December 2004 A$'000
Current assets		
Cash	12,781	11,081
Receivables	14,949	14,949
Other assets	9,563	13,463
Total current assets	37,293	39,493
Non-current assets		
Property investments	1,057,946	1,068,451
Property investments in joint venture entities[1][2]	414,628	1,381,206
Other	34,683	58,083
Total non-current assets	1,507,257	2,507,740
Total assets	1,544,550	2,547,233
Current liabilities		
Payables	7,743	7,743
Other	3,600	7,500
Total current liabilities	11,343	15,243
Non-current liabilities		
Interest bearing liabilities	340,694	495,906
Other	17,495	40,895
Total non-current liabilities	358,189	536,801
Total liabilities	369,532	552,044
Net assets	1,175,018	1,995,189
Unitholders' equity[3]	1,175,018	1,995,189

(1) Property investments in joint venture entities are net of borrowings and other liabilities.

(2) The First Washington Portfolio is assumed to settle within 60 days of the execution of the Purchase and Sale Agreement due to US debt procedures. Refer to Section 6.5.2 for further details.

(3) Under Australian equivalents to IFRS, Unitholders' equity may have to be reclassified as a non-current liability.

The Manager expects to release the Trust's half year report for the six months ending 31 December 2004 to the ASX on or about 22 February 2005.

6.2 Forecast Consolidated Statement of Financial Performance

The following table sets out the Manager's forecast Consolidated Statement of Financial Performance for the six month period ending 30 June 2005 and for the year ending 30 June 2006 (Forecasts). The Forecasts should be read in conjunction with the key forecast assumptions set out in Section 6.5 and the risk factors set out in Section 9. The Financial Information has been prepared in accordance with current Australian Accounting Standards and has not been adjusted for the impact of IFRS.

While the Manager considers these assumptions to be appropriate and reasonable at the time of preparation of this PDS, investors should appreciate that many factors which may affect results are outside the control of the Manager and its Directors and may not be capable of being foreseen or accurately predicted. Accordingly, actual results may differ from the Forecasts.

	Forecast six month period ending 30 June 2005 A$'000	Forecast year ending 30 June 2006 A$'000[1]
Revenue		
Net property income	42,145	89,125
Net income from property investment in joint venture entities	31,937[2]	120,015
Net income from capital hedging	5,423	15,307
Other income	10,730[2]	587
Total revenue	90,235	225,034
Expenses		
Manager's fee	2,826	10,526
Borrowing costs	11,684[2]	23,950
Withholding tax expense[3]	3,073	4,611
Other expenses	861	2,025
Total expenses	18,444	41,112
Net profit	71,791	183,922
Transfer from reserves	13,313[4]	–
Available for distribution	85,104	183,922
Cash distribution per Unit (cents)	7.40	15.45
Cash distribution yield per annum per New Unit[5]	8.00%[6]	8.35%
Total foreign tax credits per Unit (cents)	0.27	0.39
Total distribution (including foreign tax credits) per Unit (cents)	7.67	15.84
Total distribution (including foreign tax credits) yield per annum per New Unit[5]	8.29%[6]	8.56%
Weighted average number of Units on issue ('000)	1,009,124[7]	1,190,588
Units on issue ('000)	1,149,636	1,190,588
Earnings per Unit (cents)	7.11	15.45

(1) Refer to Section 6.5.15 for expected impact of IFRS.

(2) Assumes the Trust receives interest income of 6.1% on the Deposit for the First Washington Portfolio instead of net property income and no related borrowing costs until Completion, refer to Section 6.5.2.

(3) Assuming a 15% US withholding tax, refer to Section 9.4.20.

(4) New Units will be allotted on a pari passu basis, that is, they will rank equally with Existing Units for distributions accruing from 1 January 2005. A transfer will be made from equity to fund distributions from 1 January 2005 to allotment date for the distribution for the six months ending 30 June 2005, with the balance being funded from net profit. An additional transfer from equity is assumed to be made for the income shortfall arising from the delay in physical settlement of the New Properties for 60 days of $3.3 million.

(5) Based on the Rights Offer Issue Price of $1.85.

(6) Forecast yield on annualised basis.

(7) Assumes the DRP Units from the December 2004 period have full weighting during the six month period to 30 June 2005.

6.3 Principal accounting policies

The Financial Information has been prepared in accordance with the significant accounting policies of the Trust as disclosed in its financial report for the year ended 30 June 2004 and has not been adjusted for the impact of IFRS (refer to Sections 6.4 and 6.5.15). The Financial Information has been prepared in accordance with recognition and measurement principles prescribed in Australian Accounting Standards, Urgent Issues Group Consensus Views and the Corporations Act and in accordance with the requirements of the Trust Constitution.

6.4 International Financial Reporting Standards

The Financial Reporting Council has endorsed the adoption of Australian Accounting Standards that are equivalent to International Financial Reporting Standards (IFRS), which will apply to all Australian reporting entities for reporting periods commencing on or after 1 January 2005.

The Trust will be required to present its financial statements in accordance with IFRS for the financial year commencing 1 July 2005 and subsequent years, including the interim financial report for the half year ending 31 December 2005 and the annual financial report for the year ending 30 June 2006. Refer to Section 6.5.15 for the expected impact of IFRS.

6.5 Key forecast assumptions

The material best estimate assumptions that the Manager has used to prepare the Financial Information are set out below. While the Manager considers these assumptions to be appropriate and reasonable at the time of preparation of this PDS, investors should appreciate that many factors which may affect results are outside the control of the Manager and its Directors and may not be capable of being foreseen or accurately predicted. Accordingly, actual results may differ from the Forecasts.

Investors are recommended to review the assumptions and financial information and make their own independent assessment of the future performance and prospects of the Trust.

The Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd which has prepared the Investigating Accountant's Report (refer to Section 7). PricewaterhouseCoopers Securities Ltd does not guarantee the future performance or capital return of the Trust.

6.5.1 Pro forma transactions adopted in preparing the pro forma Consolidated Statement of Financial Position

The pro forma Consolidated Statement of Financial Position has been compiled from the Trust's unaudited Consolidated Statement of Financial Position as at 31 December 2004 and incorporates the following pro forma transactions as if they had taken place as at 31 December 2004:

- the issue of approximately 450 million New Units at the Issue Price or Theoretical Ex-Rights Price to raise approximately $843 million;
- estimated Issue Costs of $23 million being recognised directly in Unitholders funds as a deduction from the proceeds of the Offer;
- the Trust's share of the Acquisition for $2,345 million with estimated Acquisition Costs including debt break costs of $82 million (refer to Section 6.5.2);
- increase in borrowings of $1,483 million and payment of debt establishment costs of $12 million;
- increase in borrowings of approximately $85 million in the short term until receipt of the fully underwritten June 2005 DRP;
- the distribution for the six month period ended 31 December 2004 of approximately $50 million has been paid and the funds estimated to be received under the DRP, which was fully underwritten at December 2004, have been received and Units allocated;
- the acquisition of the Hilltop Village asset for $10.4 million previously announced by the Trust in August 2004;
- the acquisition of Foodtown in the Meadowbank Shopping Centre, New Zealand and a parcel of land in Mackay, Australia for $7.80 million and $2.75 million respectively;
- the sale of the remaining non-core Branch Acquisition assets for $33.0 million (book value $33.0 million); and
- the capital raised in October 2004 of approximately $50.4 million was utilised to repay borrowings. The borrowings repaid are assumed to be redrawn to partly fund the Acquisition.

It is assumed that five New Properties identified for disposal are sold within nine months after the Deposit Date. The properties have been assumed to be fully debt funded and have been included in the pro forma Consolidated Statement of Financial Position and the forecast Consolidated Statement of Financial Performance for the period to December 2005. Notwithstanding this assumption, Unitholders should be aware that the Manager may cause the sale of other Properties if the Manager believes it is in the best interest of Unitholders.

6.5.2 Property Acquisition

The New Properties will be purchased for US$2,788.6 million excluding Acquisition Costs. For details of the Acquisition Contract in relation to the First Washington Portfolio refer to Section 11.6.2.

The First Washington Portfolio will be acquired for a total Acquisition price of US$2,741 million. The Deposit of US$712 million will be paid to the vendors of the First Washington Portfolio by the Trust on the Deposit Date and interest will be received at a rate of 6.1% per annum on the outstanding balance to Completion. The Forecast has assumed that the Acquisition will be completed within 60 days of the Deposit Date.

The property investments in the Regency Joint Venture disclosed in the pro forma Consolidated Statement of Financial Position includes an amount payable to First Washington and CalPERS. This amount will be replaced by third party borrowings as the properties are settled at Completion.

The forecast Consolidated Statement of Financial Performance for the six month period ending 30 June 2005 assumes all First Washington Portfolio properties are settled at Completion (ie within 60 days of the Deposit Date). As a result, the Trust receives interest income of 6.1% on the Deposit instead of net property income and bears no borrowing costs until Completion. The difference between the net profit if the properties were settled on the Deposit Date and the net profit in the forecast Consolidated Statement of Financial Performance for the six month period ending 30 June 2005 net profit has been transferred from reserves so that the Trust's distributions are not affected by the delay in Completion, provided that Completion occurs within 60 days of the Deposit Date.

6.5.3 Net Operating Income

The First Washington Portfolio's Net Rental Income is based on the year one forecast income and is then assumed to grow by 3.25% per annum during the Forecast Period.

Regency is guaranteeing Net Rental Income from the First Washington Portfolio for three years with a maximum drawdown of US$5.2 million.

The Existing Properties' Net Rental Income is assumed to grow by approximately 5.8% for the six month period ending 30 June 2005 and 7.1% for the year ending 30 June 2006. This growth includes additional income from redevelopments and acquisitions made less than 12 months ago.

6.5.4 Equity Bridge Facility

It is proposed that the Manager will take out an equity bridge facility for $335 million with an Australian trading bank on commercial terms. This facility will be a short term debt arrangement and may be used to cover the period of time from Deposit Date to receipt of monies from the Retail Rights Offer. When Application Monies have been received from the Retail Rights Offer, the Equity Bridge Facility will be repaid. The rate is assumed to be 0.65% over the 90 day bank bill rate.

6.5.5 Capital expenditure

Allowance has been made in the Forecasts for capital expenditure commitments (including tenant capital expenditure improvements) of $32.5 million for the six month period to 30 June 2005, and $40.4 million for the year ending 30 June 2006.

6.5.6 Asset values

The Trust's share of the New Properties Purchase Price and Acquisition Costs are summarised below:

	New Properties A$m
Purchase Price	2,345
Acquisition costs	37
Debt break costs on existing debt facilities*	45
Book value	2,427
Valuation	2,348

* Existing debt facilities exited and new borrowings are drawn, refer to Section 6.5.7.

The New Properties have been independently valued by CB Richard Ellis. The New Properties are carried on the pro forma Consolidated Statement of Financial Position at the book value. A summary of the Valuation Report is provided in Section 8.

6.5.7 Borrowings

The First Washington Portfolio has total existing debt of US$912 million at a loan to value ratio of 33%. The existing debt has a weighted average interest rate of 5.66% per annum (including margin) and an average term of 7.6 years. The Regency Joint Venture expects to assume approximately US$92 million of the existing debt and extinguish the remaining US$820 million of existing debt associated with the First Washington Portfolio. The weighted average interest rate of the debt being assumed is 5.32% per annum and the average term is 8.4 years. The market rate for this debt is assumed to be 5.1%. The pay-out penalties for extinguishing the existing debt are estimated to be US$53 million which have been capitalised to the cost of the First Washington Portfolio. Additional debt may be assumed reducing the amount of new debt required.

It is the intention of the Regency Joint Venture to increase the First Washington Portfolio gearing to 60%. The Regency Joint Venture has agreed terms (subject to final interest rates) for a new interest only debt facility over the First Washington Portfolio for US$1.6 billion and a commitment for a bridging facility while the existing debt is extinguished. The terms reflecting the cost of the bridging facility is 0.35% over LIBOR. The weighted average fixed rate for the permanent financing has been assumed to be 4.93% per annum (including margin), with an average period of six years. The Forecast assumes that 85% of the interest will be fixed and 15% at floating interest rates with a margin of 1.0%. The total financing establishment costs are estimated to be US$14 million.

The existing debt is assumed to attract a weighted average interest rate of 5.43% per annum.

6.5.8 Exchange rate assumptions and foreign currency hedges

The unaudited Consolidated Statement of Financial Position assumes an exchange rate of US$0.7816 per $1.00 and NZ$1.0870 per $1.00 as at 31 December 2004. The pro forma transactions in the forecast Consolidated Statement of Financial Performance assume the exchange rate of US$0.7750 per $1.00 and NZ$1.0960 per $1.00.

Additional currency hedges will be entered into, to hedge:

- 100% of the forecast US$ net income during the Forecast Period; and
- 100% of the proceeds of the Capital Raising.

The new cross currency swap is assumed to be entered into at an exchange rate of US$0.7750 per $1.00 and a positive interest rate differential of approximately 1.50%.

The net income in the Forecasts from the New Properties have been assumed to be exchanged at the par forward rate of US$0.7348 per $1.00. The weighted average hedged rate for the US net income for the six month period ending 30 June 2005 is US$0.6752 per $1.00 and for the forecast year ending 30 June 2006 is US$0.6903 per $1.00. The weighted average hedge rate for the New Zealand net income for the six month period ending 30 June 2005 is NZ$1.2668 per $1.00 and for the forecast year ending 30 June 2006 is NZ$1.2266 per $1.00.

6.5.9 Manager's fee

The Manager is entitled to receive remuneration from the Trust comprising a base management fee and a performance fee.

Base fee

- 0.45% per annum of the value of the total assets of the Trust up to $700 million; plus
- 0.40% per annum of the value of the total assets of the Trust over $700 million.

Out of the base fee, the Manager will pay Regency a fee for the management of the existing US Properties.

The Manager will accept a base fee in respect of the First Washington Portfolio calculated as 0.15% per annum of the value of the portfolio for an 18 month period from the Deposit Date, instead of 0.40% per annum as set out in the Constitution. The Forecast Period assumes the reduction of the base fee of $0.5 million in the forecast six month period ending 30 June 2005, and $6.1 million in the year ending 30 June 2006 as a result of the 0.15% per annum on the First Washington Portfolio.

In addition, after the 18 month period, the Manager will not charge a base fee to the extent that fees are paid to the US Manager.

Performance fee

In addition to the base fee, the Manager is entitled to a performance fee paid by the issue of Units in the Trust to the Manager, dependent upon the relative performance of the Trust to the Retail Property Trust Accumulation Index (Index). This Index, calculated from a peer group of property securities that have a principal focus on the retail sector, measures the income and capital growth of the securities of the representative trusts.

If the Trust's performance during a six month period is higher than the percentage increase in the Index for the period, then the Manager is entitled to new Units in the Trust with a total value equal to:

- 5.00% of the total increased Unitholder value from outperformance; plus
- 15.00% of the increased Unitholder value above 2.00% nominal outperformance per annum (1.00% per half year).

The increased Unitholder value is measured as the market capitalisation of the Trust at the commencement of the relevant period, multiplied by the nominal percentage outperformance of the Trust relative to the Index for the period.

The performance fee is calculated and payable, if entitled, each half year at 31 December and 30 June. The performance fee is payable, if entitled, subject to an annual cap, whereby total management fees paid in any one year must not exceed 80 basis points of the value of the gross assets of the Trust (except where the Trust has outperformed its sector peers continuously over a three year period). Any unpaid fees will continue to be paid up to 80 basis points of the value of the assets in any future period and will be payable immediately if the Manager is removed or replaced, the Trust terminates, is delisted, is compulsorily acquired or there is a material change of control of the Trust.

The Manager is required to earn back any underperformance accrued in previous periods, prior to being entitled to a performance fee in future periods.

In the Forecasts, it has been assumed that the Manager will not earn a performance fee for the Forecast Period (although, depending on the performance of the Trust, the Manager may be entitled to such fee).

6.5.10 Other ongoing Trust expenses

The Trust will incur operating expenses including annual listing fees, registry charges, custodian fees, legal, audit and tax fees, marketing costs, postage and printing costs and other miscellaneous expenses. These amounts have been forecast by taking into account factors likely to influence the level of these fees, charges and costs, including the Trust's market capitalisation and gross assets (refer to Section 10.1).

6.5.11 Issue Costs

The estimated Issue Costs are $23 million. This amount will be deducted from the proceeds of the Capital Raising.

6.5.12 Distributions

Distributions will be paid within two months of each half year end. The half year ends are 30 June and 31 December.

6.5.13 Future capital raising and DRP

It has been assumed that no further capital raisings will be undertaken during the Forecast Period, however, as noted below further capital may be raised through the operation of the DRP.

The DRP was activated in respect of distributions accruing in the period ended 31 December 2004. The DRP was fully underwritten for the period ended 31 December 2004. The DRP in respect of distributions accruing in the six month period ending 30 June 2005 has been assumed to be activated and fully underwritten as part of the Capital Raising. The DRP provides for Units to be issued at an assumed 2.0% average discount to the market price of $2.12. It is assumed that there are no changes to the DRP.

It has also been assumed that any capital raised through the operation of the DRP will be employed to fund capital expenditure and/or the acquisition of new properties and that the returns from the use of these funds will be sufficient so as not to dilute distributions to Unitholders. If this threshold cannot be satisfied, the DRP will cease to operate but may be reactivated when it is considered that the threshold can be met. Accordingly, as it is assumed that there will be no adverse affect from the operation of the DRP, its impact has not been reflected in the Forecasts.

6.5.14 Taxation

The Trust is not liable to pay Australian income tax provided Unitholders are presently entitled to all of the income of the Trust each year. Distributions made to the Trust by the US REITs from earnings and profits (not attributable to capital gains) are subject to US withholding tax. A rate of 15% has been assumed in this PDS. Where a Unitholder holds more than 10% of the Units in the Trust, a US withholding tax rate of 30% may apply to that proportion of the US REIT's distribution attributable to that Unitholder (refer to Section 9.4.19).

Distributions from the US REITs which are attributable to capital gains from dispositions of US real property interests will be designated as capital gain dividends and subject to 35% withholding tax under the US Foreign Investment in Real Property Tax Act (FIRPTA). In the hands of the Trust, such distributions may be considered effectively connected with a US trade or business and taxable at the normal US company tax rate. If so, a credit for the 35% withholding tax under the FIRPTA should be available. In addition, under the current US/Australia tax treaty, the US branch profits tax at the rate of 5% could apply.

Distributions by the US REITs in excess of earnings and profits will be treated as non-taxable returns of capital to the extent of the Trust's adjusted tax basis in the shares of the applicable US REIT. Although such distributions may initially be subject to US withholding tax, the Trust may seek a refund of the tax withheld from the Internal Revenue Service if it is subsequently determined that such distributions were, in fact, in excess of the US REIT current and accumulated earnings and profits and the distribution is not in excess of the cost base of the US REIT shares. Distributions in excess of the US REIT earnings and profits and the Trust's adjusted tax basis in the shares of the US REITs will be treated as a gain from the sale or exchange of a capital asset. Any such gains will likely be subject to US Federal income tax and withholding tax pursuant to FIRPTA.

The Financial Information assumes no changes in Australian, New Zealand or US taxation legislation.

6.5.15 Accounting standards

It has been assumed that no change in applicable Australian Accounting Standards and the Corporations Act or their US equivalents will occur that may have a material effect on the Trust's forecast distributions. Refer to Sections 6.3 and 6.4.

The Financial Information has been prepared in accordance with current Australian Accounting Standards and has not been adjusted for the impact of IFRS. This basis of preparation is considered appropriate due to the following:

- while the application of IFRS may introduce volatility into the Trust's reported financial performance, it is not expected to impact on amounts available for distribution to the Trust's Unitholders. The introduction of volatility into the Trust's reported financial performance from the implementation of IFRS is not unique to the Trust;
- there is no reasonable basis to accurately forecast future valuations of properties or movements in the market values of derivatives as this would involve forecasting future capitalisation rates, property yields or general market conditions, all of which are outside the control of the Manager and its directors; and
- the interpretation of IFRS may change between the issue of this PDS and the issue of the Trust's first set of IFRS compliant financial statements for the half year ending 31 December 2005. The regulatory bodies that promulgate IFRS have significant ongoing projects that could affect the impact of IFRS on the Trust.

In addition to the impact on the reported financial performance of the Trust, the introduction of IFRS may require the Constitution of the Trust to be amended so that sections of the Constitution which make reference to, or rely on the application of Australian Accounting Standards, will not be affected by the transition.

Expected impact of IFRS

The Trust will be required to present its financial statements in accordance with IFRS for the financial year commencing 1 July 2005 and subsequent years, including the interim financial report for the half year ending 31 December 2005 and the annual financial report for the year ending 30 June 2006. The comparative financial statements for each of these periods will be required to be restated using IFRS, except for Accounting Standard AASB 132 Financial Instruments: Disclosure and Presentation (AASB 132) and Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). In order to restate the comparative information, opening undistributed income at 1 July 2004 will be adjusted to include the changes necessary to transition to the new standards, except for changes relating to AASB 132 and AASB 139 which will be adjusted in opening undistributed income at 1 July 2005. The key differences in accounting policies identified to date that are expected to impact the financial statements of the Trust following the adoption of IFRS are summarised below. These changes are not unique to the Trust. The summary should not be taken as an exhaustive list of all the differences between current Australian Accounting Standards and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

(a) Derivatives and hedge accounting

The Trust currently uses derivative contracts to hedge some of its economic exposures to interest rates and foreign currency. Under IFRS, all derivative contracts, whether used for hedging purposes or not, will be required to be recorded in the Statement of Financial Position at fair value. Derivative contracts that do not qualify for hedge accounting will be required to have any subsequent changes in fair value recognised in the Statement of Financial Performance. In order to qualify for hedge accounting, strict requirements over hedge designation, documentation and effectiveness must be satisfied. Derivative contracts that qualify for hedge accounting will be accounted for as cash flow or fair value hedges or hedges of net investments in foreign operations. Cash flow hedges are measured at fair value with changes in fair value recorded in equity to the extent that the hedge is deemed effective until the hedged transaction occurs. When the hedged transaction occurs, the amount initially recorded in equity is transferred to the Statement of Financial Performance. Any ineffective portion is recorded in the Statement of Financial Performance immediately. Fair value hedges are measured at fair value with changes in fair value recorded in the Statement of Financial Performance. Any changes in fair value of the designated hedged item are also recorded in the Statement of Financial Performance. Hedges of net investments in foreign operations are treated in the same manner as cash flow hedges.

(b) Investment properties

Under IFRS, investment properties are able to be recorded at either fair value or depreciated cost. Under current Australian Accounting Standards, investment properties are not depreciated and the impact of unrealised gains arising on revaluation is accounted for by crediting the asset revaluation reserve. Unrealised losses arising on revaluation are charged to the asset revaluation reserve to the extent they reverse any previous revaluation increment and any residual is charged to the Statement of Financial Performance. Under IFRS, revaluation increments or decrements are required to be recognised in the Statement of Financial Performance.

(c) Classification of financial instruments as debt or equity

Under current Australian Accounting Standards, ordinary Units issued by the Trust, are classified as equity instruments in the Statement of Financial Position. Due to the Trust having a finite life, the current interpretation of IFRS requires that the Units on issue be classified as debt instruments rather than equity instruments. As a result, distributions paid to Unitholders are likely to be reclassified as borrowing costs in the Statement of Financial Performance.

(d) Property

The Trust currently accounts for fixed increases in rental income as they arise under lease agreements with tenants. Under IFRS, the Trust may be required to calculate the fixed rental increases on each lease contract upfront and recognise this income evenly over the lease term.

6.5.16 GST

The Financial Information has been prepared on the assumption that no GST is payable in respect of distributions paid by the Trust. Further, it is assumed that any GST liability payable will be included as part of the assumed expenses of the Trust.

6.6 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 Trust, the table below sets out the effect of a change in several assumptions.

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

The table below details the change in forecast earnings (cents per Unit) for certain assumptions:

Change in assumption	Change in forecast six month period ending 30 June 2005 cents per Unit	Change in forecast year ending 30 June 2006 cents per Unit
Increase in interest rates of 1.0% per annum – before hedging	(0.18)	(1.09)
Decrease in interest rates of 1.0% per annum – before hedging	0.18	1.09
Increase in interest rates of 1.0% per annum – after hedging	(0.03)	(0.18)
Decrease in interest rates of 1.0% per annum – after hedging	0.03	0.18
Increase in the Acquisition rental growth above forecast of 1.0% per annum	0.02	0.11
Decrease in the Acquisition rental growth below forecast of 1.0% per annum	(0.02)	(0.11)
Delay in Completion of one month (ie 90 days after Deposit Date)	(0.12)	–
Performance fee – outperform benchmark by 1.0%	(0.11)	(0.09)
Decrease in the Placement price to Issue Price	(0.03)	(0.08)

PRICEWATERHOUSECOOPERS

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The Directors
Macquarie CountryWide Management Limited
No. 1 Martin Place
Sydney NSW 2000

16 February 2005

Subject: Investigating Accountant's Report on Forecast Financial Information

Dear Sirs

We have prepared this report on forecast financial information of Macquarie CountryWide Trust (the Trust) for inclusion in a Product Disclosure Statement dated on or about 16 February 2005 (the PDS) relating to the Rights Offer of New Units in the Trust.

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

The nature of this report is such that it should be given by an entity which holds an Australian Financial Services licence under the Corporations Act 2001 (Cwlth). PricewaterhouseCoopers Securities Ltd is wholly owned by PricewaterhouseCoopers and holds the appropriate Australian Financial Services licence.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report (Report) covering the following information:

(a) the unaudited Consolidated Statement of Financial Position as at 31 December 2004;

(b) the pro forma Consolidated Statement of Financial Position as at 31 December 2004 which assumes completion of the contemplated transactions disclosed in Section 6.5.1 of the PDS (the pro forma transactions); and

(c) the forecast Consolidated Statement of Financial Performance of the Trust for the six month period ending 30 June 2005 and the financial year ending 30 June 2006

(collectively, the Forecasts).

This Report has been prepared for inclusion in the PDS. We disclaim any assumption of responsibility for any reliance on this Report or on the Forecasts to which it relates for any purposes other than for which it was prepared.

Scope of review of Forecast Financial Information

The Directors of the Responsible Entity are responsible for the preparation and presentation of the Forecasts, including the best estimate assumptions, which include the pro forma transactions, on which they are based.

Our review of the best estimate assumptions underlying the Forecasts was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions provide a reasonable basis for the Forecasts. These procedures included discussion with the Directors and management of the Trust and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that the best estimate assumptions do not provide a reasonable basis for the preparation of the Forecasts and whether, in all material respects, the Forecasts are properly prepared on the basis of the assumptions and are 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 Trust disclosed in Section 6.3 of the PDS and the Constitution of the Trust (the Constitution) so as to present a view of the Trust which is consistent with our understanding of the Trust's past, current and future operations.

PRICEWATERHOUSECOOPERS

The Directors
Macquarie CountryWide Management Limited
16 February 2005

The Forecasts have been prepared by the Directors to provide investors with a guide to the Trust's potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecasts. Actual results may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in Section 9 of the PDS.

Our review of the Forecasts that are based on 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 Forecasts included in the PDS.

Review statement on the Forecasts

Based on our review of the Forecasts, which is not an audit, and based on an investigation of the reasonableness of the best estimate assumptions giving rise to the Forecasts, nothing has come to our attention which causes us to believe that:

(a) the best estimate assumptions set out in Section 6.5 of the PDS do not provide a reasonable basis for the preparation of the Forecasts;

(b) the Forecasts are not properly prepared on the basis of the best estimate assumptions and 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 Trust disclosed in Section 6.3 of the PDS and the requirements of the Constitution;

(c) the Forecasts are unreasonable;

(d) the pro forma Consolidated Statement of Financial Position has not been properly prepared on the basis of the pro forma transactions; and

(e) the pro forma transactions do not form a reasonable basis for the pro forma Consolidated Statement of Financial Position.

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

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 Trust 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

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Yours faithfully

James Dunning

James Dunning
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

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26 January 2005

Macquarie CountryWide Management Limited
Macquarie CountryWide-Regency LLC
Macquarie CountryWide-Regency II LLC
The Directors
No. 1 Martin Place
Sydney, NSW 2000

Dear Sirs:

i) First Washington/CalPERS Portfolio
ii) Bear Creek Village Center and Heritage Plaza Shopping Center

At your request CB Richard Ellis Inc ("CBRE") has prepared this letter summarising the portfolio valuation results from our assessment of the value, as at January 26, 2005, of the 101 properties comprised in the First Washington/CalPERS Portfolio and two additional shopping centers.

The letter is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the U.S. Standards of Professional Appraisal Practice. In a complete appraisal CBRE considers all applicable, known approaches to value. The value conclusion reflects all information known by the appraisers of CBRE who worked on the valuation of the subject properties, market conditions, and available data.

Our analysis was prepared in conformance with our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and The Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, and the Australian Property Institute's Practice Standards and Guidance Notes. It also complies with Australian Securities and Investments Commission practice in regards to valuations for Managed Investment Scheme assets.

1. Summary of Values

The property values concluded by CBRE on January 26 2005, according to the terms outlined in the reports are shown below:

First Washington/CalPERS Portfolio (101 Properties)	US $2.75 billion
Bear Creek Village Center	US $23.0 million
Heritage Plaza Shopping Center	US $26.2 million

2. Reliance on this Letter

For the purposes of this Product Disclosure Statement (PDS) we have prepared this letter which summarizes our analysis and outlines key factors which have been considered in arriving at our opinion of value. This letter alone does not contain the necessary data and support included in our analysis.

CBRE has given and has not, before lodgement of this PDS with ASIC, withdrawn its consent to be named or to the inclusion of its synopsis valuations and to references to its valuation reports in the form and context in which they are included in this PDS.

CBRE has provided Macquarie CountryWide Management Limited, Macquarie CountryWide Regency, LLC and Macquarie CountryWide Regency II, LLC with:

(a) an appraisal of the leased fee interest of the subject properties, as a portfolio value; and

(b) market information with respect to the market where the property is located.

The appraisal and the market information are not guarantees or predictions and must be read in the light of the following:

- the report and the conclusions as to estimated value are based upon the factual information set forth in those reports. While CBRE has endeavoured to assure the accuracy of the factual information it has not independently verified all information provided by (a) Macquarie CountryWide Management Limited, Macquarie CountryWide Regency, LLC and Macquarie CountryWide-Regency II, LLC, or (b) the governments of the United States and the state, county and municipality within which the property is located (primarily statistical information relating to market conditions);
- the primary valuation methodologies used by CBRE in appraising the property – the Income Capitalization – Discounted Cash Flow Methodology and the Direct Capitalization Methodology – are based upon estimates of future results and are not predictions. The valuation methodology is summarized later in this letter and in depth in our report. The valuation methodology begins with a set of assumptions as to income and expense of the property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The result is the best estimate of value CBRE can produce, but it is an estimate and not a prediction or guarantee and it is fully dependent upon the accuracy of the assumptions as to income, expense and market conditions; and
- our reports were made as based upon information available through January 26, 2005. CBRE accepts no responsibility for subsequent changes in information as to revenue, expense and market conditions. Any changes to the lease terms will also have a corresponding change to the value. We make no representation or warranties regarding the lease terms and advise the user of this report to perform their own due diligence.

3. Brief Description of the First Washington/CalPERS Portfolio

The properties represent retail shopping centers described briefly below.

Building		City	State	GLA sq ft
California Buildings				
1	Auburn Village	Auburn	California	133,944
2	Bayhill Shopping Center	San Bruno	California	121,846
3	Brea Marketplace	Brea	California	298,193
4	Five Points Shopping Center	Santa Barbara	California	144,553
5	Granada Village Shopping Center	Granada Hills	California	224,725
6	Laguna Niguel Plaza	Laguna Niguel	California	42,124
7	Lake Forest Village	Lake Forest	California	119,706
8	Mariposa Shopping Center	Santa Clara	California	126,658
9	Navajo Shopping Center	San Diego	California	102,138
10	Pleasant Hill Shopping Center	Pleasant Hill	California	233,678
11	Point Loma Plaza	San Diego	California	212,905
12	Rancho San Diego Village	La Mesa	California	152,895
13	Silverado Plaza	Napa	California	84,916
14	Snell & Branham Plaza	San Jose	California	99,349
15	Stanford Ranch Village	Rocklin	California	89,874
16	Twin Oaks Shopping Center	Agoura Hills	California	98,399
17	Ygnacio Plaza	Walnut Creek	California	109,429
California Subtotal				**2,395,332**
Colorado Buildings				
18	Applewood Shopping Center	Wheat Ridge	Colorado	375,622
19	Arapahoe Village	Boulder	Colorado	159,237
20	Cherrywood Square Shopping Center	Littleton	Colorado	86,161
21	Ralston Square Shopping Center	Arvada	Colorado	82,750
Colorado Subtotal				**703,770**
Connecticut Buildings				
22	Corbin's Corner	West Hartford	Connecticut	177,207
Connecticut Subtotal				**177,207**
District of Columbia Building				
23	Spring Valley Shopping Center	Washington	DC	16,834
District of Columbia Subtotal				**16,834**
Delaware Buildings				
24	First State Plaza	Stanton	Delaware	164,576
25	Newark Shopping Center	Newark	Delaware	184,017
26	Shoppes of Graylyn	Wilmington	Delaware	66,676
Delaware Subtotal				**415,269**
Florida Building				
27	Village Commons	West Palm Beach	Florida	169,053
Florida Subtotal				**169,053**

Building		City	State	GLA sq ft
Illinois Buildings				
28	Brentwood Commons	Bensenville	Illinois	125,585
29	Civic Center Plaza	Niles	Illinois	265,015
30	Mallard Creek Shopping Center	Round Lake Beach	Illinois	143,574
31	McHenry Commons Shopping Center	McHenry	Illinois	100,526
32	Riverside Square & River's Edge	Chicago	Illinois	169,437
33	Riverview Plaza	Chicago	Illinois	139,262
34	Stonebrook Plaza Shopping Center	Merrionette Park	Illinois	95,826
35	The Oaks Shopping Center	Des Plaines	Illinois	135,084
Illinois Subtotal				**1,174,309**
Indiana Buildings				
36	Willow Lake Shopping Center	Indianapolis	Indiana	85,923
37	Willow Lake West Shopping Center	Indianapolis	Indiana	52,961
Indiana Subtotal				**138,884**
Maryland Buildings				
38	Bowie Plaza	Bowie	Maryland	104,037
39	Cloppers Mill Village Shopping Center	Germantown	Maryland	137,035
40	Clinton Square Shopping Center	Clinton	Maryland	18,961
41	Elkridge Corners Shopping Center	Elkridge	Maryland	73,529
42	Festival at Woodholme	Baltimore	Maryland	81,027
43	Firstfield Shopping Center	Gaithersburg	Maryland	22,328
44	Goshen Plaza	Gaithersburg	Maryland	45,654
45	Mitchellville Plaza	Mitchellville	Maryland	156,124
46	Northway Shopping Center	Millersville	Maryland	98,016
47	Parkville Shopping Center	Baltimore	Maryland	162,433
48	Penn Station Shopping Center	District Heights	Maryland	244,816
49	Rosecroft Shopping Center	Temple Hills	Maryland	119,010
50	Southside Marketplace	Baltimore	Maryland	125,147
51	Takoma Park Shopping Center	Takoma Park	Maryland	108,168
52	Valley Centre	Owings Mills	Maryland	252,314
53	Watkins Park Plaza	Mitchellville	Maryland	113,443
54	Woodmoor Shopping Center	Silver Springs	Maryland	65,791
Maryland Subtotal				**1,927,833**
Minnesota Buildings				
55	Colonial Square	Wayzata	Minnesota	93,200
56	Rockford Road Plaza	Plymouth	Minnesota	207,897
Minnesota Subtotal				**301,097**
New Jersey Buildings				
57	Edgewater Commons	Edgewater	New Jersey	423,620
58	Plaza Square	Wayne	New Jersey	103,842
59	Westmont Shopping Center	Westmont	New Jersey	52,640
New Jersey Subtotal				**580,102**

Building		City	State	GLA sq ft
North Carolina Buildings				
60	Shoppes of Kildaire	Cary	North Carolina	148,204
North Carolina Subtotal				**148,204**
Oregon Building				
61	Greenway Town Center	Tigard	Oregon	93,100
Oregon Subtotal				**93,100**
Pennsylvania Buildings				
62	Allen Street Shopping Center	Allentown	Pennsylvania	46,420
63	City Avenue Shopping Center	Philadelphia	Pennsylvania	156,722
64	Colonial Square	York	Pennsylvania	28,640
65	Kenhorst Plaza	Kenhorst	Pennsylvania	161,424
66	Mayfair Shopping Center	Philadelphia	Pennsylvania	112,275
67	Mercer Square Shopping Center	Doylestown	Pennsylvania	91,400
68	Newtown Square Shopping Center	Newtown Square	Pennsylvania	146,893
69	Stefko Boulevard Shopping Center	Bethlehem	Pennsylvania	133,824
70	Towamencin Village Square	Lansdale	Pennsylvania	122,916
71	Warwick Square Shopping Center	Warwick	Pennsylvania	93,269
Pennsylvania Subtotal				**1,093,783**
Texas Buildings				
72	First Colony Marketplace	Sugar Land	Texas	111,675
73	Memorial Collection Shopping Center	Houston	Texas	103,382
74	Weslayan Plaza East & West	Houston	Texas	357,250
75	Westheimer Marketplace	Houston	Texas	135,936
76	Woodway Collection	Houston	Texas	111,005
Texas Subtotal				**819,248**

Building		City	State	GLA sq ft
Virginia Buildings				
77	601 King Street	Alexandria	Virginia	8,499
78	Ashburn Farm Village Center	Ashburn	Virginia	88,917
79	Centre Ridge Marketplace	Centreville	Virginia	104,154
80	Brafferton Center	Stafford	Virginia	94,731
81	Festival at Manchester Lakes	Franconia	Virginia	165,568
82	Fox Mill Shopping Center	Reston	Virginia	103,269
83	Gayton Crossing	Richmond	Virginia	156,915
84	Glen Lea Centre	Richmond	Virginia	78,493
85	Greenbriar Town Center	Chantilly	Virginia	345,935
86	Hanover Village Shopping Center	Mechanicsville	Virginia	96,146
87	Kamp Washington Shopping Center	Fairfax	Virginia	71,825
88	Kings Park Shopping Center	Springfield	Virginia	77,202
89	Laburnum Park Shopping Center	Richmond	Virginia	64,993
90	Laburnum Square Shopping Center	Richmond	Virginia	109,405
91	Saratoga Shopping Center	Springfield	Virginia	101,588
92	Town Center at Sterling Shopping Center	Sterling	Virginia	190,069
93	Village Shopping Center	Richmond	Virginia	111,177
94	Williston Centre I	Falls Church	Virginia	105,376
95	Williston Centre II	Falls Church	Virginia	127,449
Virginia Subtotal				**2,201,711**
Washington Buildings				
96	Aurora Marketplace	Edmonds	Washington	106,921
97	Eastgate Plaza	Bellevue	Washington	78,230
98	Overlake Fashion Plaza	Redmond	Washington	80,555
Washington Subtotal				**265,706**
Wisconsin Buildings				
99	Cudahy Center Shopping Center	Cudahy	Wisconsin	103,254
100	Racine Centre Shopping Center	Racine	Wisconsin	135,827
101	Whitnall Square Shopping Center	Milwaukee	Wisconsin	133,301
Wisconsin Subtotal				**372,382**
Total				**12,993,824**

Brief Description of Bear Creek Village Center

Building		City	State	GLA sq ft
1	Bear Creek Village Center	Wildomar	California	75,118

Brief Description of Heritage Plaza Shopping Center

Building		City	State	GLA sq ft
1	Heritage Plaza Shopping Center	Carol Stream	Illinois	128,870

4. Valuation Rationale

In arriving at our opinions of market value we have placed primary emphasis on the Discounted Cash Flow analysis and the Direct Capitalization Analysis within the Income Capitalization methodology. An explanation of the application of the Discounted Cash Flow and Direct Capitalization methodologies is provided below.

(a) Discounted Cash Flow Analysis

The discounted cash flow (DCF) analysis is a detailed analysis used when the future income is expected to be variant, usually as a result of numerous lease obligations and/or anticipated changes in income and expenses. It is also particularly relevant when institutional buyers are the most likely purchasers of the subject property because institutional buyers often place great weight on this analysis. The DCF analysis specifies the quantity, variability, timing, and duration of the Net Operating Income (NOI) and cash flows. Estimating the proper yield rate (discount rate) is essential. CBRE must consider the target yield sought by investors as well as yields derived from comparable sales and/or market information.

The methodology is:

(i) estimate the before-tax cash flows for each period of a projected holding period net of any capital expenditures such as leasing expenses and tenant improvements;

(ii) estimate a discount rate and a terminal overall capitalization rate;

(iii) estimate a selling price, known as the reversion, for the end of the projected holding period; and

(iv) the cash flows and the reversion are then discounted to a present value estimate.

We have utilized a 10-year discounted cash flow, with the reversion calculated based on year 11 NOI. In general, the estimated growth rate for market rent, rental income and expenses equates to 3.25% per annum, similar to our projection of inflation.

Our selected terminal capitalization rate, used to estimate a reversionary sales price not only takes into consideration perceived market conditions out in the future (10 years) but also the estimated quality of the cash flow at that time (lease expiration, tenancy, stability of cash flow stream) and physical condition of the building 10 years hence. Our selected terminal capitalization rates are approximately 25 to 50 basis points higher than our going in overall rate.

In selecting yield rates at which cash flows are to be discounted, an emphasis is placed on the prospective or forecast yield rates anticipated by typical buyers and sellers. This rate is influenced by many factors, including the degree of apparent risk, market attitudes toward future inflation, the prospective rates of return for alternative investments, the rates of return earned by comparable properties in the past, the supply and demand of mortgage funds, and the availability of tax shelters.

(b) Direct Capitalization Methodology

Direct capitalization is the method used to convert a single year's estimate of income into a value indication. In direct capitalization, a precise allocation between return on and return of capital is not made because investor assumptions or forecasts concerning the holding period, pattern of income, or changes in value of the original investment are not simulated in the method. Direct capitalization is most appropriate when analysing a stable income stream and in estimating the reversion at the end of a holding period. Using this method, the following sets forth the process:

(i) estimate the Potential Gross Income (PGI) from all sources that a competent owner should be able to generate from a property based on existing and/or market rents;

(ii) deduct an estimate of Vacancy and Collection Loss (VCL) to arrive at an Effective Gross Income (EGI) estimate;

(iii) deduct estimated operating expenses from the estimate of EGI. The result is an estimate of the stabilized NOI. The net operating income was estimated to be approximately $171,000,000 US for the entire First Washington/CalPERS Portfolio;

(iv) estimate an Overall capitalization rate (Ro, or OAR). The portfolio OAR was estimated at approximately 6.22%, based on our research and analysis of other portfolio sales in the market place; and

(v) divide the NOI by Ro, resulting in a value estimate at stabilized occupancy.

The overall rates are based on comparable sales as well as discussions with market participants and national investor surveys.

5. Liability Disclaimer

CBRE has prepared this Valuation Summary letter which appears in this PDS and specifically disclaims liability to any person in the event of any omission from or false of misleading statement included in the PDS, other than in respect of this Summary Letter. CBRE does not make any warranty or representation as to the accuracy of the information in any other part of the PDS other than as expressly made or given by CBRE in this Summary letter.

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CBRE has relied upon property data supplied by First Washington, Regency Realty and Regency Centers, which we assumed to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and any conclusions related to the inaccurate data. CBRE makes no representation or warranties regarding the lease term and advises the user of this report to perform their own due diligence.

6. Appraiser's Interest and Qualifications

The reported analyses, opinion, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. The appraisers have no present or prospective interest in the properties that are the subject of this report and have no personal interest or bias with respect to the parties involved. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan.

The appraiser performing these valuations has had in excess of 10 years continuous valuation experience.

Respectfully submitted,
CBRE Valuation and Advisory Services

Ronald A. Neyhart, MAI
Senior Managing Director

Risk factors

9.1 Introduction

There are a number of factors which may have an impact on the future performance of the Trust following the acquisition of the indirect interest in the New Properties. Many of these factors are same as the factors affecting the current performance of the Trust.

Eligible Unitholders should be aware that an investment in the Trust has risks which are associated with investing in both property and listed securities. The future level of income distributions, the value of the Trust's assets and the market value of Units quoted on ASX may be influenced by any or all of these risk factors. Although the Manager has endeavoured to ensure that the assumptions made in the preparation of the forecast financial information in this PDS are reasonable, there are a number of factors which may affect the achievement of these forecasts, many of which are beyond the control of the Trust and its Directors. As a result the past performance of the Trust is not a reliable indicator of the future performance of the Trust and capital and income distributions are not guaranteed. This Section details some of the major risks of which Eligible Unitholders should be aware.

9.2 Risk factors that affect the general economy and stockmarket

The price at which Units trade on ASX may be determined by a range of factors including movements in international and local stockmarkets, recommendations by brokers, inflation, interest rates, general economic conditions, changes in government, fiscal, monetary and regulatory policies and changes in the supply and demand of listed property securities. In the future, these factors may cause Units to trade below current prices and may affect the income and expenses of the Trust.

9.3 Risk factors that relate to the property market

9.3.1 Fluctuations

Like all property trusts the value of, and returns from, the Trust's property assets will fluctuate depending on property market conditions. Rental and occupancy levels may change as a result of changes in the property market and this may affect the distributions paid by the Trust and the market price of Units.

9.3.2 Illiquidity

Property assets are by their nature illiquid investments, and it may therefore not be possible for the Manager to dispose of assets it wishes to dispose of in a timely manner.

To the extent to which the Trust will invest in properties by investing in entities which own interests in properties which are not listed on a stock exchange or for which there may only be a limited number of potential investors, the realisable value of these assets may be less than the full value indicated by the Trust's expectations of future cashflows from the relevant properties.

9.4 Specific risk factors that affect the Trust following the Acquisition

The following are specific risk factors which have been identified by the Manager as potentially affecting the performance of the Trust and the value of Units.

9.4.1 Interest rate movements

Changes to the availability of borrowings and the interest rates charged by lenders may require the Trust to borrow at interest rates greater than those assumed, thereby affecting distributions.

9.4.2 Foreign currency movements

The assets of the Trust will generate cash flows in A$, NZ$ and US$. The Manager's foreign exchange policy is detailed in Section 4.2.1.

There is a risk that the foreign currency and interest rate assumptions in this PDS may not reflect the actual terms of contracts subsequently entered into by the Manager.

Hedging has the effect of fixing today a rate at which the Trust can exchange NZ$ and US$ for A$ at a time in the future. There will be a cost to the Trust for implementing these hedges. Security may be given over direct and indirect assets of the Trust to the counterparty of the foreign exchange hedge contracts to protect the counterparty against the risk of default. In the event of such default, any secured assets may be sold to satisfy any indebtedness to the counterparty.

While foreign exchange hedging is designed to protect Unitholders' distributions against movements in exchange rates over the period of the hedge, it is not always possible to perfectly align the amount and/or timing of the hedge with the risk. Further, the A$ has been subject to significant fluctuations against the US$ and NZ$ in the past and may be subject to significant fluctuations in the future. Over time, the value of A$ distributions made by the Trust will reflect general trends in exchange rate movements. Consequently, Eligible Unitholders should consider the impact of an adverse movement in the A$ against the NZ$ or US$.

9.4.3 Limited due diligence

The Manager has not been able to conduct a full due diligence on the First Washington Portfolio prior to the date of this PDS. The remaining due diligence items predominantly relate to environmental surveys, site surveys and title review (refer to the summary of the Purchase and Sale Agreement in relation to the First Washington Portfolio for details of due diligence provisions). Potential exposures in respect of the First Washington Portfolio may be identified during or after due diligence. These may have an adverse effect on the Trust to the extent they are not subject to, or cannot adequately be mitigated by, a price adjustment or warranty claim under the Purchase and Sale Agreement in relation to the First Washington Portfolio summarised in Section 11.6.2.

The identification of such exposures may also adversely affect the terms on which the Trust is able to borrow in order to finance its Acquisition of the First Washington Portfolio.

9.4.4 Acquisition Contracts

As is customary for US retail shopping centre property transactions, the Acquisition will be made with only limited representations and warranties about the entities which own the underlying 101 properties comprised in the First Washington Portfolio and the other New Properties. In particular for the Purchase and Sale Agreement relating to the First Washington Portfolio, these representations and warranties survive for 18 months and are subject to monetary and other limits. Most representations and warranties were only made as of the date of the Purchase and Sale Agreement and are not brought down at the Deposit Date or the closing. There may be an adverse effect on the Trust to the extent that liabilities are not adjusted under the Acquisition Contracts or not able to be recovered from the Sellers under the Acquisition Contracts.

The Purchase and Sale Agreement in relation to the First Washington Portfolio contains provisions whereby the Manager may in certain defined circumstances, terminate the contract and receive a refund of the purchase consideration. If this was to happen after the Allotment Date of any of the New Units, a return of capital as well as a refund of Application Monies may need to be contemplated by the Manager. In this event, it is unlikely that the Acquisition Costs would be fully recovered, resulting in a loss of capital by the Trust.

If Regency fails to satisfy its obligations under an Acquisition Contract, unless the Manager is able to fund Regency's share of the Acquisition or procure a third party to take up Regency's share, then the Trust could be held in a breach of that Acquisition Contract and liable to pay damages to the vendor. However, Regency has granted an indemnity in favour of the Manager in respect of a breach by Regency of the Purchase and Sale Agreement in respect of the First Washington Portfolio.

Approximately 60% of the Trust's share of the Acquisition is to be funded by debt. In addition, it is proposed to take out an equity bridge facility to cover the period between Initial Allotment and Final Allotment. These additional debt facilities are yet to be finalised by the Manager as at the date of the PDS. In the event that these additional facilities cannot be obtained, the Manager would breach the Acquisition Contracts and the Trust may be liable to pay liquidated damages to the Sellers and to indemnify Regency for its loss (refer to Section 11.6.2 for a summary of the Purchase and Sale Agreement in respect of the First Washington Portfolio).

In addition, the Acquisition Contract in respect of the First Washington Portfolio provides for liquidated damages of US$75 million or US$300 million (depending on the timing of any default). Refer to Section 11.6.2 for a summary of the Purchase and Sale Agreement in respect of the First Washington Portfolio.

Under the Purchase and Sale Agreement in respect of the First Washington Portfolio, in the event that environmental or other issues are identified and the estimated cost of remediation exceeds the value of the property affected, the Sellers have the right to withdraw properties (up to a maximum of 15), potentially reducing the Trust's ability to invest the proceeds of the Capital Raising. The limit on the amount which can be withdrawn under this Acquisition Contract is 10% of the value of the First Washington Portfolio, otherwise the Trust can terminate the Acquisition Contract.

The Purchase and Sale Agreement in relation to the First Washington Portfolio summarised in Section 11.6.2 requires the Trust to pay the Deposit to the Sellers which will be placed on deposit in a blocked account with a US financial institution until it is returned to the Trust or it is applied towards the Purchase Price. The Deposit will earn interest at a rate equal to 6.1% per annum for the first 90 days after the Deposit Date, with the rate decreasing by 1% for each subsequent 30 day period, subject to a minimum of the prevailing imputed interest rate on US Treasury Bills.

Investors should note that it will be the obligation of the US financial institution to pay interest on the Deposit when due, and hence the Trust will be exposed to credit risk in respect of the US financial institution to the extent of any interest payable. Neither the Trust nor any member of the Macquarie Bank Group guarantees that the US financial institution will meet its obligations to pay such interest.

9.4.5 Entity risk

The First Washington Portfolio will be acquired by MCWR acquiring the entities which own the underlying 101 properties comprised in the First Washington Portfolio. There may be an adverse effect on the Trust to the extent that those acquired entities are subject to liabilities not adjusted under the Purchase and Sale Agreement or not able to be recovered from the Sellers under the Purchase and Sale Agreement.

9.4.6 Value of properties

The value of Properties owned by the Trust may fluctuate from time to time due to market and other conditions. Factors relevant to determining value include rental and occupancy levels and these may change significantly over time for a variety of reasons. In general, valuations represent only the analysis and opinion of qualified experts at a certain date – they are not guarantees of present or future values. The valuation of a property may be materially higher than the amount that can be obtained from the sale of a property in certain circumstances, such as under a distress or liquidation sale.

In addition, the First Washington Portfolio has been valued on a portfolio basis rather than by way of individual property valuations. As a result variances may occur between the values ascribed to individual properties and their individually assessed value.

9.4.7 Pre-emptive rights under co-ownership agreements

The Acquisition will result in an increased exposure to co-owned US properties held within joint venture arrangements which contain pre-emptive rights which may be activated if the Manager is removed as responsible entity of the Trust or if there is a change of control of the Trust or Manager. Unlike the pre-emptive rights in relation to the Trust's Existing US

Properties (which allow for the allocation of properties between the joint venture parties relative to their economic interest), if control of the Trust or Manager were to change or the Manager were to be removed as the responsible entity of the Trust, Regency also has the right to acquire the Trust's interests in MCWR, which will own the First Washington Portfolio, at fair market value. The acquisition by Regency of these interests would not affect the agreement with Regency to provide property management, leasing, development and other services to the First Washington Portfolio for a 10 year term with two 5 year options to extend. The Trust would incur taxation and other transaction costs as a result of such an exercise of rights. Although this will not preclude a change of control of the Trust, this may make it less likely that a third party will seek to acquire control of the Trust or remove the Manager as responsible entity of the Trust. See the summary of the joint venture agreements with Regency in Section 11.6.3.

9.4.8 Joint venture and property management relationship

The Acquisition increases the number of properties co-owned with and managed by Regency. Through the property management contracts and joint venture agreements with Regency, the Trust has influence over major decisions in respect of the US properties (although the US manager which provides corporate and asset management services to the New REIT and MCWR is to be 50% owned by a Macquarie Bank Limited subsidiary). Regency will provide property management, leasing, development and other services to the First Washington Portfolio. These services will be charged at market rates (reviewed every three years) for a term of 10 years with two options to extend of five years each. Nonetheless, in the event that the Manager's relationship with Regency deteriorates, or Regency's performance deteriorates, there is a risk that the Trust's performance may be adversely affected. In addition, Regency's appointment as property manager is only terminable in limited circumstances as set out in Section 11.6.3.3.

9.4.9 Disputes and defaults

In the ordinary course of its operations, the Trust may be involved in disputes and possible litigation. The extent of those disputes and litigation cannot be ascertained at this time but there exists a risk that a material or costly dispute or litigation could affect the value of the assets or expected income of the Trust.

There is also a possibility that tenants or other groups may default on their obligations to the Trust, which may lead to a loss of income and increased costs as a result of enforcement action being required.

9.4.10 Property location and condition

In general, the location, age, construction quality and design of a property may affect the occupancy level as well as the rents that may be charged for individual leases and the value of the property. The characteristics of an area or market in which a property is located may change over time or in relation to competing facilities.

The effects of any poor construction quality are likely to require owners to spend increasing amounts of money over time for maintenance and capital improvements to properties. Even properties that were well constructed will deteriorate over time if adequate maintenance is not scheduled and carried out in a timely manner.

9.4.11 Geographic and market concentration

In general, a portfolio of properties with a significant proportion located in a single geographic region or country, or a portfolio with a significant proportion of properties in a limited number of market sectors (such as the retail property sector) may be subject to losses that are more severe than other property portfolios which have a more diverse geographic distribution of properties or which have a more diverse range of properties.

The market values of the properties could be affected by economic conditions generally or conditions in the real estate markets where the properties are located, changes in governmental rules and fiscal policies, natural disasters (which may result in uninsured losses) and other factors that are beyond the control of the Trust and its Directors.

The economy of any region in which a property is located may be adversely affected to a greater degree than that of other areas of the country by certain developments affecting industries concentrated in such region. To the extent that general economic or other relevant conditions decline in regions in which the Properties are concentrated and result in a decrease in retail property, housing or consumer demand in the region, the income from and market value of those properties may be adversely affected.

9.4.12 Leases

The Trust will rely upon periodic lease or rental payments from tenants to pay for maintenance and other expenses of each property owned by it, as well as to service any existing indebtedness in relation to any properties or otherwise. The Trust may be adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants.

There can be no guarantee that tenants will renew leases upon expiration or that a customer will continue operations throughout the term of its lease. Income from and the market value of these properties would be adversely affected if vacant space in them could not be leased for a significant period of time, if tenants were unable to meet their lease obligations or if, for any other reason, rental payments could not be collected.

No assurance can be given that leases that expire can be renewed or that space covered by leases that expire or are terminated can be leased in a timely manner at comparable rents or on comparable terms.

In addition, upon the occurrence of an event of default by a customer, delays and costs in enforcing the lessor's rights may occur and a recovery, if any, may be significantly less than if no default had occurred.

If a significant portion of a property or a property portfolio is leased to a single tenant, the consequences of the failure of the Trust to re-let such portion of that property if that tenant vacates the space leased to it (either as a result of the expiration of the term of the lease or a default by the tenant) will be more pronounced than if such property were leased to a large number of tenants. A similar risk also exists where a significant part of the portfolio is leased to an industry sector that goes through a period of sustained decline.

9.4.13 Competition

Retail properties located in the same areas as the Properties will compete for tenants and other occupants. These properties generally compete on the basis of rental rates, location, condition and facilities of the property. If competing properties in the applicable market have lower rents, lower operating costs, more favourable locations or better facilities, the rental rates for the Properties may be adversely affected.

The Trust may renovate, refurbish or expand a property it owns to maintain the property and remain competitive, however, such renovation, refurbishment or expansion may itself entail significant risks.

If oversupply conditions in a particular market exist (either as a result of an increase in available property or a decrease in the number of tenants due to a decline in economic activity in the area), the rental rates for a property may be adversely affected.

Retail properties may also face competition based on future trends of customers (eg an increase in home based offices and businesses). This competition could adversely affect income from, and the market value of, the retail property.

9.4.14 Quality management

The successful operation of a property may be dependent to a certain extent on the performance of the Manager and the relevant property manager. The Manager is responsible for responding to changes in the local market conditions and adopting relevant rental rate structures (including establishing levels of rent payments) to enable maintenance and capital improvements to be carried out in a timely fashion. Management errors may adversely affect the long term viability of a property. Similarly, failure to retain, or to hire, appropriately experienced and trained property managers may affect the ability of the Trust to perform to its maximum potential.

9.4.15 Expenditure

The Trust will be required to incur significant expenditure in relation to ongoing maintenance and refurbishment of properties it owns. Any requirement for unforeseen material capital expenditure on properties, such as for rectification work to comply with environmental standards, may adversely affect the performance of the Trust.

9.4.16 Insurance coverage and premiums

The Manager maintains insurance coverage in respect of each property within the Trust (including insurance for damage, destruction and public liability) and proposes to maintain insurance for each property held by the Trust. Some risks are not able to be insured at acceptable prices.

Any losses incurred due to uninsured risks may adversely affect the performance of the Trust. Increases in insurance premiums may affect the performance of the Trust. Insurance premium increases could occur, for example, if the Trust claims under any policy of insurance for significant losses in respect of any property.

Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect the Trust's right of recovery under its insurance.

9.4.17 Law, regulatory and policy

Significant aspects of the Trust's activities will be subject to US Federal and State, New Zealand and Australian Commonwealth and State law, regulation and policy including those relating to planning and environment, health and safety, insurance, tax and stamp duty. Changes in any law, regulation or policy affecting the activities of the Trust (which may or may not have retrospective effect) may have a significant impact on the Trust's performance. For example, changes to taxation laws in Australia, New Zealand and the US, including changes to the US/Australia tax treaty, may affect future earnings and the relative attractiveness of investing in the Trust.

Laws and regulations affecting investments in listed property entities, including the Trust, may be subject to significant and unexpected changes. Any such changes may affect the value of Units or the tax treatment of the investment for investors in Units.

Under various US Federal, State and local laws, an owner or manager of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on the property. These laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. The cost of any required remediation could exceed the value of the property and/or the aggregate assets of the owner.

The presence of such substances, or the failure to properly remediate such substances, may adversely affect the Trust's ability to sell or rent a contaminated property or to borrow using the property as collateral. Any of these developments could reduce the cash flow to the Trust.

9.4.18 US law and REIT risks

The present US Federal income tax treatment of a REIT and an investment in a REIT may be modified by legislative, judicial or administrative action at any time and any such action may affect investments and commitments previously made. Revisions in US Federal income tax laws and interpretations of these laws could adversely affect the Trust or the US REITs and the tax consequences of an investment in the Trust or the US REITs. Refer to Section 11.3 for further information.

US REITs have elected to be taxed as REITs under the Internal Revenue Code. To maintain REIT status, each US REIT must meet a number of highly technical requirements on a continuing basis. Those requirements seek to ensure, among other things, that the gross income and investments of each US REIT are largely real estate related, that each US REIT distributes substantially all its ordinary taxable income to shareholders on a current basis and that each US REIT ownership is not overly concentrated. Due to the complex nature of these rules, the available guidance concerning interpretation of the rules, the importance of ongoing factual determinations and the possibility of adverse changes in the law, administrative interpretations of the law and changes in each US REIT business, no assurance can be given that each US REIT will qualify as a REIT for any particular year.

If either US REIT fails to qualify as a REIT, that US REIT will be taxed as a regular corporation, and distributions to shareholders will not be deductible in computing its taxable income. The resulting corporate income tax liabilities could materially reduce the distributable cash flow to the Trust or funds available for reinvestment. Moreover, that US REIT might not be able to elect to be treated as a US REIT for the four taxable years after the year during which it ceased to qualify as a REIT. In addition, if that US REIT later requalified as a REIT, it might be required to pay a full corporate level tax on any unrealised gain in its assets as of the date of requalification and to make distributions to the Trust equal to any earnings accumulated during the period of non-REIT status. In the absence of US REIT status, distributions to the Trust would no longer be required.

9.4.19 Funding

In order to provide for future growth, the Trust will rely on both equity and debt funding. An inability to obtain the necessary funding for the Trust (either new funding or lender consents to retain existing debt funding) or a material increase in the cost of the debt funding resulting from an increase in interest rates may have a material adverse impact on the Trust's activities and financial position.

The continuance of a significant proportion of the existing loans relating to the New Properties are subject to lender consents which will not have been obtained as at the date of this PDS. In the event that lender consents are not obtained, the Manager will be required to seek alternative financing which may be on less favourable terms or may not be available at all (refer to Section 11.7 for a summary of the Debt Facilities).

9.4.20 US withholding tax

Under the current US/Australia tax treaty ordinary dividends (not attributable to capital gains) paid by the US REITs to the Trust, as a listed Australian property trust, will be subject to a reduced withholding tax rate of 15%. However, if the Manager knows or has reason to know that one or more Unitholders each owns 5% or more of the beneficial interest in the Trust, a reduced withholding tax rate of 15% will apply only if one the following conditions referred to in point one or two below are satisfied, namely.

(1) the Unitholder is an individual that does not hold more than 10% of the Units in the Trust; or

(2) the Unitholder (that is not an individual) (a) does not hold more than 5% of the Units in the Trust; or (b) does not hold more than 10% of the Units in the Trust and the gross value of no single interest in real property held by the US REITs exceeds 10% of the gross value of the US REIT's total interest in real property.

Given the characteristics of the properties held by the US REITs immediately after the Acquisition of the New Properties (ie no single asset exceeds 10% of the total value of all assets), the US withholding tax on dividends by the US REIT will be 15% where there are no Unitholders holding more than 10% of the Units in the Trust.

Where there are one or more Unitholders holding more than 10% of the Units in the Trust, withholding tax at 30% would apply in respect of the proportion of the US REIT's dividends attributable to those Unitholders. The increased withholding tax will be borne by the Unitholder to which it relates such that the particular Unitholder will receive a lower net distribution (ie net of 30% rather than 15% withholding tax) and a higher foreign tax credit.

9.4.21 Delay of Acquisition

There is a possibility that the acquisition of one or more of the New Properties may be materially delayed. However, the Acquisition Contract for the First Washington Portfolio provides for the Trust to receive interest on the Deposit from the Deposit Date until Completion at a rate of 6.1% per annum, except that the rate shall be reduced by 1% per 30 days if physical closing does not occur within 90 days. Refer to Section 6.6 for a sensitivity analysis of Trust earnings to delay in Completion.

9.4.22 Inability to invest proceeds

In the event that the acquisition of one or more of the New Properties is abandoned, the Trust may be unable to invest the proceeds of the Capital Raising. This may affect distributions should suitable replacement properties not be found.

9.4.23 Unforeseen environmental issues

Unforeseen environmental issues may affect any of the Properties. These liabilities may be imposed irrespective of whether or not the Trust is responsible for the circumstances to which they relate.

The Trust may also be required to remediate sites affected by environmental liabilities. The cost of remediation of sites could be substantial. In addition, if the Trust is not able to remediate a site properly, this may adversely affect its ability to sell the relevant property or to use it as collateral for borrowings.

Material expenditure may also be required to comply with new or more stringent environmental laws or regulations introduced in the future.

9.4.24 Natural phenomena

Natural phenomena such as an earthquake or hurricane may occur and some of the Properties may not be insured for such events.

9.4.25 Terrorist attacks

Terrorist attacks against some of the Properties may occur and some of the Properties may not be insured for such attacks.

Fees and other costs

10.1 Fees and costs of the Offer

This table shows fees and other costs relating to the Offer. These fees and costs will be deducted from the Trust assets as a whole. Taxes are set out in other sections of this PDS. You should read all the information about fees and costs, as it is important to understand their impact on your investment. The fees shown below exclude GST (unless otherwise stated). Refer to Sections 6.5.9, 6.5.10 and 6.5.11 for the key forecast assumptions relating to those fees.

Type of fee or cost	Amount	How and when paid
• **Underwriting fee** (a fee for underwriting the Rights Offer and the Placement)	2.0% of the total proceeds of the Rights Offer and Placement or $15.9 million in total[1].	Paid to the Underwriters in two instalments: • on the Initial Allotment Date; and • on the Final Allotment Date.
• **Advisory/structuring fee** (a fee for advising on and structuring the Acquisition)	0.5% of the total proceeds of the Rights Offer and Placement or $4.2 million.	Paid to MECM in two instalments: • on the Initial Allotment Date; and • on the Final Allotment Date.
• **Handling fee**	1.5% of Application Monies up to a maximum of $2,000 per Application (inclusive of GST). No handling fee will be paid on any Applications made by a single investor which in aggregate exceed 72,072 New Units.	Paid to appropriately licensed financial advisers (including entities within the Macquarie Bank Group) after the conclusion of the Offer.
• **Debt placement fee**	0.5% of the Trust's share of the Regency Joint Venture debt or $7.4 million.	Payable to Regency, at the time that debt facilities are established.
• **Acquisition and disposal fee – First Washington Portfolio and Heritage Plaza**	1.0% of the Trust's share of the First Washington Portfolio and Heritage Plaza. Assuming the Trust's share of the Purchase Price referable to these assets will be US$1.8 billion, this equates to $23 million.	Paid to Regency. The portion relating to the acquisition fee will be paid at the conclusion of the Acquisition. The portion relating to the disposal fee will be paid at the conclusion of the disposal of the properties identified for disposal.
• **Property due diligence fees – First Washington Portfolio and Heritage Plaza**	0.25% of the Trust's share of First Washington Portfolio and Heritage Plaza. Assuming the Trust's share of the Purchase Price referable to these assets is US$1.8 billion, this equates to $5.8 million.	0.125% paid to Regency and 0.125% paid to Macquarie Asset Services Limited (a related body corporate of the Manager) at the conclusion of each stage of work performed.
• **Acquisition and due diligence fee – Bear Creek**	1.0% of the value of the Trust's share of Bear Creek. Assuming the Trust's share of the final Purchase Price referable to Bear Creek is US$16.8 million, total fees will equate to approximately $0.2 million.	As this property is being acquired from Regency, all fees will be received by Macquarie Asset Services Limited at the conclusion of the Acquisition.
• **Advisory and structuring fees**	0.125% of the Trust's share of the First Washington Portfolio equating to $2.9 million.	Payable to Macquarie Asset Services Limited.

(1) Where Unitholders associated with the Manager take up their Rights Entitlement no underwriting fee will be payable on these proceeds.

Type of fee or cost	Amount	How and when paid
• **Expense recoveries relating to the Offer**	Approximately $2.4 million.	Paid to the ASIC and ASX and the Manager's advisers, including fees paid to lawyers, accountants, printers and other providers of professional services. Such amounts are generally paid upon presentation of the relevant invoices. It also includes other costs associated with the Offer, including amounts paid to third parties as part of interest rate and foreign exchange hedging costs (refer Section 10.3.6).

10.2 Ongoing fees and costs

This table shows ongoing fees and costs for operating the Trust and investing the assets. These fees and costs will be deducted from the Trust assets as a whole. The fees shown below exclude GST (unless otherwise stated).

Type of fee or cost	Amount	How and when paid
• **Expense recoveries**[1] (this is the reimbursement of the out of pocket expenses incurred by entities within the Macquarie Bank Group in relation to services provided to the Trust. This excludes the costs and expenses associated with the Offer)	Amount will vary from year to year (refer to the Trust's annual reports for further information).	Amounts are reimbursed to the relevant entity within the Macquarie Bank Group periodically upon presentation of relevant invoices.
• **Base fee** (a fee the Manager is entitled to for managing the Trust. Under contractual arrangements with Regency, the base fee is shared in respect of Properties owned by the Regency Joint Ventures)	(a) 0.45% per annum of the value of all assets of the Trust for the first $700 million of Trust assets; plus (b) 0.40% per annum of the value of all assets of the Trust in excess of $700 million of Trust assets. Refer to Section 10.3.4 for a worked example of the base fee calculation.	Calculated at 30 June and 31 December each year and payable to the Manager at the end of each quarter. Although entitled to receive a 0.40% per annum base fee in respect of the value of the assets representing the First Washington Portfolio, the Manager has, for the reasons set out in Section 10.3.4, agreed to reduce this fee by 0.25% per annum for a period of 18 months from the Deposit Date, equating to $9.1 million. In addition, after the 18 month period, the Manager will not charge a base fee to the extent that fees are paid to the US Manager.
• **Performance fee** (also a fee the Manager may become entitled to for managing the Trust)	The Manager may also be entitled to a performance fee which is calculated using the method described in Section 10.2.2. Refer to Section 10.2.3 for a worked example of a performance fee calculation.	If applicable, the performance fee is calculated at 31 December and 30 June each year and payable to the Manager at the end of each quarter.

(1) These general expense recoveries are in addition to the specific fees and other costs relating to the Offer set out in detail above. These expenses include registry charges, accounting fees, bank fees, the cost of printing annual reports, postage, audit fees, legal fees and consultant fees in addition to those described in the table.

10.3 Important additional fee information

10.3.1 GST

If the Manager 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 Trust for the amount of GST.

10.3.2 Performance fee

In addition to the base fee, the Manager is entitled to a performance fee satisfied by the issue of units in the Trust to the Manager, dependent upon the relative performance of the Trust to the Retail Property Trust Accumulation Index (Index). This Index, calculated from a peer group of property securities that have a principal focus on the retail sector, measures the income and capital growth of the unit prices of the representative trusts.

If the Trust's performance during a six month period is higher than the percentage increase in the Index for the relevant period, then the Manager is entitled to new units in the Trust with a total value equal to:

- 5.00% of the total increased Unitholder value from outperformance; plus
- 15.00% of the Increased Unitholder value above 2.00% nominal outperformance per annum (1.00% per half year).

The increased Unitholder value is measured as the market capitalisation of the Trust at the commencement of the relevant period, multiplied by the nominal percentage outperformance of the Trust relative to the Index for that period.

The performance fee is calculated and payable, if applicable, each half year at December and June. The performance fee is payable, if applicable, subject to an annual cap, whereby total management fees paid in any one year must not exceed 0.80% per annum of the value of the gross assets of the Trust (except where the Trust has outperformed its sector peers continuously over a three year period). Any unpaid fees will continue to be paid up to 0.80% per annum of the value of the assets in any future period and will be payable immediately if the Manager is removed or replaced, the Trust terminates, is delisted, is compulsorily acquired or there is a material change of control of the Trust.

The fees quoted above are exclusive of GST. Outperformance will be assessed on a cumulative basis and accordingly any underperformance will need to be recovered before the Manager is entitled to any performance fees.

10.3.3 Performance fee example

As a hypothetical example, if the benchmark had returned 4.00% for a half year, and the Trust's Units had returned 4.50%, the outperformance would be 0.50% for the half year. It is assumed for the purposes of this hypothetical example that the equity capital of the Trust is $1 billion.

In the simple example above, the amount of the performance fee would be:

- 0.50% total outperformance multiplied by equity capital of $1 billion multiplied by 5.00% = $250,000; plus
- Nil, as total outperformance does not exceed 2.00% per annum (ie 1% for the half year).

Therefore, the total performance fee in this example is $250,000 for the half year. For an investment in Trust Units of $10,000 (assuming that this amount does not change), the relative impact of the performance fee on that investment for the half year would be $2.50.

If, in a different hypothetical example, the Trust's performance for the half year was 8%, and the benchmark returned 4% during the same period (4% outperformance), the amount of the performance fee would be calculated as follows:

- 4% total outperformance multiplied by equity capital of $1 billion multiplied by 5% = $2.00 million; plus
- 3% (4%-1%) total outperformance multiplied by equity capital of $1 billion multiplied by 15% = $4.50 million.

Therefore, the total performance fee in this example is $2.00 million plus $4.50 million = $6.50 million for the half year. For an investment in Trust Units of $10,000 (assuming that this amount does not change), the relative impact of the performance fee on that investment for the half year would be $65.00.

This example is indicative only and does not purport to represent the likely performance fees (if any) to be received by the Manager.

10.3.4 Fee waivers

Under the Constitution, the Manager is entitled to receive fees for managing the Trust. As the assets of the Trust exceed $700 million prior to the Acquisition, the fee that the Manager would be entitled to receive under the Constitution in respect of the New Properties, will be calculated as 0.40% per annum of the value of the New Properties.

The Manager currently pays an amount equal to 0.25% of the acquisition cost of the US properties to Regency, in return for which Regency performs portfolio administration services in the US for the Manager. It is proposed that Regency will in future be paid a fee in respect of the properties in the First Washington Portfolio equal to 0.20% of their fair market value. Regency will begin charging this fee 18 months after the Deposit Date. For the first 18 months Regency will charge no annual asset management fee in respect of the properties in the First Washington Portfolio.

As a result, the Manager has decided that, as it is entitled to do under the Constitution, it will, for a period of 18 months after the Deposit Date, accept a fee in respect of the First Washington Portfolio reduced to 0.15% of the value of the properties in the First Washington Portfolio.

Regency and the Manager will establish a new jointly owned US Manager which will provide asset management services in relation to the First Washington Portfolio. The fees referred to above, including those to be paid to Regency, will be paid to the US Manager and distributed proportionally to Regency and the Manager in their capacity as shareholders of the US Manager.

After 18 calendar months from the Deposit Date have elapsed the Manager intends to charge the same gross fee on the First Washington Portfolio as it retains in respect of its Existing Properties.

Base fee example

For an investment in Trust Units of $10,000 (assuming that this amount does not change and total Trust assets are $2 billion gearing at 50%, equity capital of the Trust or $1 billion), the ongoing base fee would be $83.50 per annum.

This is calculated by applying the 0.45% per annum base fee to the first $700 million of Trust assets and the 0.40% per annum fee to the additional $1,300 million of Trust assets to arrive at a base fee of $8.35 million per annum.

This example is indicative only and does not purport to represent the likely base fee to be paid to the Manager and does not take into account the base fee reduction for the First Washington Portfolio.

10.3.5 Maximum fees

The base fee and performance fees set out in Section 10.2 represent the maximum fees that the Manager may charge under the Constitution.

As stated above, the Manager may accept lower fees than it is entitled to receive under the Constitution. It may also defer payment for any period. Where payment is deferred, the fees will accrue daily until paid.

10.3.6 Foreign exchange and interest rate hedging costs

Separate remuneration will not be paid in respect of interest rate and foreign exchange hedging services, but third parties will receive a market-based premium as part of the rates set.

10.3.7 Other

Having regard to the fact that the Trust is a listed managed investment scheme, the ongoing fees and costs table (refer to Section 10.2) does not include any fees in the nature of establishment fees, contribution fees, withdrawal fees, termination fees, switching fees or adviser service fees as they are not applicable to the Trust.

From time to time, entities within the Macquarie Bank Group may be appointed to provide services in areas where it is in the best interests of the Trust to seek professional support. This may include the provision of advisory and execution services in relation to interest rate and foreign exchange hedging. Any appointment will be on an arm's length commercial basis and subject to approval by independent Directors.

11.1 Regular reporting and disclosure obligations

The Trust is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Manager to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the stockmarket conducted by ASX. In particular, the Manager has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX immediately of any information of which the Manager is or becomes aware of concerning the Trust which a reasonable person would expect to have a material effect on the price or value of Units. Copies of documents lodged with ASIC in relation to the Trust may be obtained from, or inspected at, an office of ASIC.

In addition, in accordance with ASIC policy and the Corporations Act, the Manager has implemented arrangements for the management of conflicts of interest that may arise in relation to its provision of financial services, including adoption of the Macquarie Bank Group Conflicts of Interest Policy.

11.2 Updated information and availability of documents

Information about the Offer may need to be updated by the Manager. Any updated information about the Offer that is not materially adverse to investors will be made available on the Trust website: www.macquarie.com.au/mcw. The Manager will provide a copy of the updated information free of charge, to any person who requests a copy by calling the Rights Offer information line on 1300 303 063 from within Australia (local call cost) or +61 2 8280 7134 from outside Australia. Where updated information about the Offer is materially adverse to investors, the Manager will issue a supplementary product disclosure statement in accordance with the Corporations Act.

The Manager will provide a copy of any of the following documents free of charge to any person who requests a copy prior to the Closing Date:

- the financial statements of the Trust for the year ended 30 June 2004 (being the most recent annual financial statements lodged with ASIC before the lodgement of this PDS);
- the financial statements of the Trust for the half year ended 31 December 2004 (if released to ASX in accordance with the Listing Rules before the Closing Date);
- the Constitution of the Trust; and
- any continuous disclosure notices lodged by the Trust with ASX after the lodgement of the annual financial statements for the year ended 30 June 2004 and before lodgement of the copy of this PDS with ASIC.

11.3 Taxation

Discussion of REIT structure considerations and US REIT specific risks

Changes in government legislation, including changes to the US/Australia tax treaty, and changes to taxation laws in the US and Australia, may affect future earnings and the relative attractiveness of investing in the Trust:

- as the investments of the Trust are within the US and the Trust is domiciled in Australia, changes to the tax laws in those countries may affect future earnings and the relative attractiveness of investing in the Trust;
- although the Manager believes each US REIT will be owned, organised and operated in a manner so as to qualify as a REIT for US Federal income tax purposes, the determination of whether an entity qualifies as a REIT involves the application of a number of highly technical and complex rules for which there are only limited judicial and administrative interpretations and, accordingly, no assurance can be given that each US REIT will qualify, or remain qualified, as a REIT;
- if either of the US REITs were to fail to qualify for US Federal income tax purposes as a REIT in any taxable year, its taxable income would be subject to tax at regular corporate rates in that year and possibly in future years. This would significantly impact the amount available for distributions. Unless entitled to relief under specific statutory provisions, the US REIT would be disqualified from re-electing taxation as a REIT for the four taxable years following the year during which qualification was lost; and
- in particular, for each of the US REITs to qualify as a REIT, no more than 50% in value of its shares of beneficial interest may be owned, directly or indirectly (by Unitholders), by five or fewer individuals during the last half of a taxable year (other than the first year for which an election to be treated as a REIT has been made) or during a proportionate part of a shorter taxable year. An acquisition by a Unitholder that would otherwise cause either of the US REITs to fail this 50% test would trigger certain measures designed to prevent this 50% test being violated.

11.4 Rights attached to New Units

The rights attached to the New Units are governed by the Constitution.

A summary of the more significant rights attaching to New Units is set out below. This summary is not exhaustive. For a full understanding of the rights attaching to New Units, reference should be made to the Constitution (a copy which is available from the Manager) and also the Corporations Act and trust law generally.

11.4.1 Units

Each Unit confers an equal undivided interest in the Trust.

11.4.2 Ranking of New Units

The New Units issued will rank equally with existing Units in all respects, including distributions accruing from 1 January 2005.

11.4.3 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 and 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 Trust.

11.4.4 Income entitlements

The Manager determines the net income of the Trust as at the end of each financial year. The entitlement to income of each Unit is expected to be distributed to the Unitholder within two months of the last day of the income period. Unitholders will be advised by the Manager of the category and/or source of income allocated to them at the time the distribution is made.

11.4.5 Distribution of capital

The Manager may distribute capital of the Trust to Unitholders. Any capital distribution will be to Unitholders pro-rata according to the number of Units held at a time decided by the Manager.

11.4.6 Winding up

The Trust commenced on 21 July 1995. The Trust has a life of 80 years from the commencement date unless terminated earlier by any of the methods set out in the Constitution or as required under the Corporations Act. Upon the winding up of the Trust, the Manager is required to realise the assets of the Trust and after meeting the liabilities of the Trust, to distribute the net proceeds to the Unitholders pro-rata according to the number of Units held on the date upon which the Trust commenced to be wound up.

11.4.7 No redemption or repurchase of Units

The Manager is not required to repurchase or cause the redemption of Units.

11.4.8 Unitholder's liability

The Constitution states that a Unitholder's liability, in the absence of a separate agreement, is limited to the amount which remains unpaid in relation to the Unitholder's subscriptions for their Units, but the courts are yet to determine the effectiveness of a provision of this kind.

11.4.9 User pays

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

11.4.10 Manager

The Constitution also deals with the powers and liabilities of the Manager as responsible entity for the Trust:

- **Powers:** the Manager has powers to invest, borrow and generally manage the Trust subject to the Trust's principal investment policy, which is to invest in real property. The policy may be changed on reasonable notice to Unitholders;
- **Issues:** the Manager has power to issue Units and options over Units on such terms as it determines within the limits as to price contained in the Constitution;
- **Rights:** the Constitution authorises the Manager to charge a base fee and performance fee as further described in Section 10. The Manager may recover out of the Trust's assets, expenses properly incurred in the operation of the Trust;
- **Liability:** the Manager is not liable in contract, tort or otherwise to Unitholders for any loss suffered relating to the Trust except to the extent that the Corporations Act imposes such liability;
- **Indemnity:** the Manager is entitled to be indemnified out of Trust assets for any liability it incurs in properly performing or exercising any of its duties or powers in relation to the Trust; and
- The Manager may also:
  - take and act upon advice from professionals;
  - value the assets of the Trust at any time (at market value unless it determines otherwise);
  - hold Units in any capacity, contract with itself or any Unitholder and may be interested in such contract;
  - retire as Manager (but only if Unitholders have approved a replacement); and
  - amend the Constitution, but if the change will adversely affect Unitholders' rights only with Unitholders' approval.

11.4.11 Other

In addition, the Constitution contains provisions governing:

- procedures for the issue and pricing of Units;
- how income is calculated and capital is distributed;
- the way payments are to be made and notices are to be given to the Manager and Unitholders;
- the powers, rights and liabilities and indemnities of the Manager;
- procedures for conducting Unitholder meetings; and
- how Unitholder complaints are to be dealt with.

Some of the matters affecting Unitholders which are not set out in the Constitution but are contained in the Corporations Act include:

- maintenance of the Trust's register of Unitholders;
- specific duties of the Manager and its officers;
- auditing of the Trust; and
- the keeping of accounting and other financial records of the Trust.

The Manager is currently reviewing the implications of the introduction of IFRS to the terms of the Constitution. Following the outcome of that review, the Manager may seek to amend the Constitution to take into account the effect, if any, of the introduction of IFRS to the terms of the Constitution.

11.5 Regulatory declarations, waivers and exemptions

11.5.1 ASIC modifications and exemptions

To facilitate the Placement and the Rights Offer, ASIC has granted the Manager modifications of the Corporations Act, including a modification of section 601GA(1)(a) of the Corporations Act (as modified by ASIC Class Order 98/52) to enable:

- the issue of that number of New Units which would comprise up to 15% of all of the interests in the Trust immediately before completion of the Placement, rather than 10% of the interests in the Trust immediately after completion of the Placement;
- Unitholders and third parties who are not associated with the Manager to take up New Units upon exercise of Rights acquired from renouncing Unitholders;
- the Underwriters to take up New Units if any shortfall remains; and
- MIML to acquire New Units under the Placement where MIML is acting in a fiduciary capacity for third parties who are not associated with the Manager, subject to certain conditions.

In addition, ASIC has also granted relief from section 601FC(1)(d) of the Corporations Act to enable the Rights Offer to proceed as contemplated in this PDS.

11.5.2 ASX waivers and confirmation

The Manager has been granted the following ASX waivers and confirmations:

(a) a waiver from Listing Rule 7.1 to allow New Units under the Rights Offer to be offered to Unitholders in the manner set out in this PDS without being required to obtain Unitholder approval;

(b) a waiver from Listing Rule 10.11 to allow New Units under the Rights Offer to be offered to Unitholders who are related parties of the Manager in the manner set out in this PDS without being required to obtain Unitholder approval;

(c) a waiver from Listing Rule 10.11 to permit the issue of the New Units to related parties of the Manager pursuant to the Underwriting Agreement for the Placement without being required to obtain Unitholder approval;

(d) a waiver from Listing Rule 10.11 to permit Macquarie related trusts that hold Units for and on behalf of third parties who are unrelated to the Manager to be offered New Units under the Placement;

(e) a waiver from Listing Rule 3.20 and 7.40 to permit the Manager to conduct the Rights Offer in accordance with a timetable different to that prescribed by appendix 3A and paragraphs 1 and 3 of appendix 7A to the Listing Rules, as contemplated by this PDS;

(f) a waiver from Listing Rule 7.1 to permit the Manager to determine the number of Units to be issued or agreed to be issued under the Placement by reference to the issued capital of the Trust after taking into account the number of New Units that will be issued under the Rights Offer; and

(g) confirmation that ASX regards the Rights Offer as renounceable for the purposes of Listing Rule 7.11.3 and that Listing Rule 11.1 does not apply to the Acquisition and Capital Raising.

The Listing Rule 7.1 waiver (referred to in (a) above) is subject to conditions. The effect of these conditions is to permit the Manager to offer New Units pro-rata to Institutional Unitholders on or before the Record Date (this process is referred to as the Institutional Rights Offer) prior to offering New Units to the remaining Unitholders as long as:

- Eligible Institutional Unitholders who sell down their Existing Units before the Record Date have their pro-rata allocations reduced accordingly; and
- New Units are issued under the Institutional Rights Offer and the Retail Rights Offer at the same price and on the same 6 for 11 basis.

To the extent that some or all of the New Units offered under the Institutional Rights Offer are not taken up by Eligible Institutional Unitholders, rights to take up those Units will be offered to other Eligible Institutional Investors through the Institutional Rights Bookbuild.

The Listing Rule 10.11 waiver (referred to in (b) above) permits related parties of the Manager to participate in the Rights Offer on the same terms as other investors without a requirement to obtain approval from Unitholders. The waiver is subject to the same conditions imposed in relation to the waiver from Listing Rule 7.1. Additionally, it is a condition of this waiver that the related parties only participate in the Rights Offer up to the extent of their pro-rata entitlement, other than in the case of MECM, which may, together with other Underwriters, take up New Units not subscribed for following the Institutional Rights Bookbuild and the Retail Rights Bookbuild in accordance with the underwriting arrangements for the Rights Offer.

The waivers set out the arrangements for dealing with holdings registered in the names of nominees. In particular, a nominee Unitholder is treated as a separate holder in respect of Units held for each of one or more Institutional Unitholders (and, accordingly, may receive both Institutional Rights Offers in respect of Units held as nominee for Institutional Unitholders and Retail Rights Offers in respect of Units held as nominee for other persons). Institutional Rights Offers will be treated as being made to the nominee, and therefore to an Institutional Unitholder, even where made directly to the Institutional Investors for whom it holds.

On or prior to the Record Date, and concurrently with the Placement, the Manager made the Institutional Rights Offer described above. Approximately 316 million New Units are expected to be issued to Eligible Institutional Investors under the Institutional Rights Offer and the Institutional Rights Bookbuild (including Placement) on the Initial Allotment Date, leaving a balance of approximately 134 million New Units available for retail subscription. This PDS does not constitute an offer or invitation to:

- any Institutional Unitholder which received an Institutional Rights Offer (whether or not it accepted that offer); or
- a nominee for such an Institutional Unitholder, in respect of New Units for such Institutional Unitholder,

(in either case an Eligible Institutional Unitholder) except in respect of New Units placed with such persons pursuant to the Institutional Rights Offer or Placement.

In this context, where an Institutional Rights Offer of New Units was accepted by a retail broker on a firm basis, on the basis that it would procure subscribers for them from among its private clients, these private clients may subscribe for those New Units pursuant to this PDS (using the Entitlement and Acceptance Form), but only to the extent (in aggregate) of the firm allocation to the relevant retail broker.

The waivers also allow the Manager to ignore, for the purposes of determining those entitled to receive New Units (both under the Institutional Rights Offer described above and the Retail Rights Offer), transactions occurring after the close of trade on ASX on 21 February 2005 (other than registrations of SEATS transactions which occurred before the close of trade) (post ex-date transactions). Transactions ignored under this provision are to be ignored in determining holders and registered holders, and holdings and registered holdings of Units as at the Record Date, or as at 5.00 pm on the Record Date, for the purpose of this PDS, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Units in a post ex-date transaction, you will not be entitled to receive a Right in respect of those Units.

ASX has confirmed that it has formed the view that Listing Rule 10.1 will not apply to the management agreement between US Manager (to be owned 50% by a Macquarie Bank Limited subsidiary) and the entities holding the New Properties and that Listing Rule 10.1 will not apply to potential property acquisitions from Regency made indirectly by the Trust.

11.6 Material contracts

11.6.1 Underwriting Agreement

The Manager has entered into an Underwriting Agreement with the Underwriters dated 15 February 2005. Under the Underwriting Agreement, the Underwriters have agreed to underwrite the Placement, the Institutional Rights Offer and the Retail Rights Offer and also provide settlement support services for the Institutional Rights Bookbuild and the Retail Rights Bookbuild.

Under the Underwriting Agreement, the Manager will pay:

(a) the Underwriters an underwriting fee of 2.0%; and

(b) MECM an advisory and structuring fee of 0.5%,

of the total proceeds payable to the Manager in respect of the Rights Offer and the Placement (excluding any amounts payable to Unitholders as value for their Rights sold under the Institutional Rights Bookbuild and the Retail Rights Bookbuild). Where Unitholders associated with the Manager take up their Entitlement (other than where that Unitholder is acting in a fiduciary capacity for third parties who are not associated with the Manager) no underwriting fee will be payable on these proceeds (although the advisory and structuring fee will remain payable on these proceeds).

The Manager must pay or reimburse costs, charges and expenses related to the Rights Offer and Placement incurred by the Underwriters.

Customary and usual representations and warranties are given by the parties in relation to matters such as power to enter into the Underwriting Agreement, corporate authority and approvals and their compliance with the Corporations Act and ASX Listing Rules in relation to the Rights Offer and Placement.

In addition, the Manager represents and warrants that the PDS and related public documents will not contain any material misleading or deceptive statements or material omissions of information required by the Corporations Act or ASX Listing Rules and that the issue and distribution of such documents will not constitute misleading or deceptive conduct.

The Manager also gives certain undertakings including that the Manager will not, without the prior consent of the Underwriters, at any time after the date of the agreement and before the expiration of 90 days after the allotment of securities under the Rights Offer and Placement, allot or agree to allot or indicate in any way that they may or will allot or agree to allot any Units or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity, of the Trust other than pursuant to the Rights Offer and Placement, the Underwriting Agreement, by way of performance fees or management fees, a distribution reinvestment or bonus plan in force at the date of entry into the Underwriting Agreement.

Subject to certain exclusions relating to, amongst other things, fraud, recklessness, wilful misconduct or gross negligence of an indemnified party, the Manager agrees to keep the Underwriters and certain affiliated parties indemnified from all losses incurred directly or indirectly in connection with the Rights Offer and Placement.

Each Underwriter may terminate the Underwriting Agreement at any time prior to Final Allotment (with or without the consent of the other Underwriters) upon the occurrence of any of the following termination events:

(a) **(disclosures in the offer documents)**: a statement contained in this PDS, any Entitlement and Acceptance Form or supplementary product disclosure statement in respect of the Rights Offer and Placement is or becomes misleading or deceptive (including, without limitation, misleading or deceptive within the meaning of section 769C(1)), or a matter required by the Corporations Act to be included in the relevant document is omitted (having regard to the provisions of sections 1012J, 1013B to 1013E and 1013FA to 1013K) or there occurs a new circumstance that has arisen since the PDS was lodged that would have been required under the Corporations Act to be included in the PDS if it had arisen before the PDS was lodged in relation to the Trust, within the meaning of section 1016E; or

(b) **(listing)**: approval is refused or approval is not granted which is unconditional (or conditional only on customary listing conditions which would not, in the reasonable opinion of the Underwriters, have a material adverse effect on the success of the Offers) to the official quotation of all the New Units on ASX, on or before 9 March 2005, or if granted, the approval is subsequently withdrawn, qualified or withheld, or ASX removes the Trust from the official list of ASX or suspends or ceases trading in its securities; or

(c) **(notifications)**: any of the following notifications are made:

(i) ASIC issues an order under section 1020E(2) of the Corporations Act or an interim order under section 1020E(5) (other than an order which does not become public and is withdrawn within three business days);

(ii) an application for an order is made under Part 9.5 of the Corporations Act in relation to the PDS (other than an application which does not become public and is withdrawn within three business days) or ASIC commences any investigation or hearing (other than an investigation which does not become public and is discontinued within three business days) under Part 3 of the Australian Securities and Investments Commission Act in relation to the PDS;

(iii) any person gives a notice under sections 1021J or 1021L of the Corporations Act or any person (other than the Underwriter) who has previously consented to the inclusion of its name in the PDS (or any supplementary product disclosure statement) or to be named in the PDS withdraws that consent; or

(d) **(adverse change)**: any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Trust) and the Trust, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in the PDS or in public information; or

(e) **(representations and warranties)**: the Manager breaches a representation, warranty or other provision contained in the Underwriting Agreement; or

(f) **(Equity Agreements)**: the Regency Joint Venture Agreement terminates, or a condition precedent to any of the Regency Joint Venture Agreement is not satisfied or waived or (in the reasonable opinion of the Underwriter) becomes incapable of being satisfied, in each case on or prior to the Business Day before the Initial Allotment Date; or

(g) **(hostilities)**: hostilities not presently existing commence (whether war has been declared or not) or a major act of terrorism or 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, Japan, Russia, Iraq, Indonesia or the People's Republic of China; or

(h) **(change of law)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, any State of Australia, the United States Congress or any United States state legislature a new law, or the Reserve Bank of Australia, any Federal authority of the United States or any Commonwealth or State authority of Australia, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement), any of which does or is likely to prohibit or materially adversely regulate the Rights Offer and Placement, capital issues or stock markets or materially adversely affect the taxation treatment of the securities to be issued under the Rights Offer and Placement; or

(i) **(Acquisition Contracts)**: any Acquisition Contract is not entered into by each party to it, is terminated or rescinded, or a condition precedent to performance of the Acquisition Contract in whole or in part is not satisfied or waived or (in the reasonable opinion of the Underwriter) becomes incapable of being satisfied, in each case on or prior to the Business Day before the Initial Allotment Date.

Subject to the paragraph below, if an event referred to in paragraph (a) ("disclosures in the Offer Document"), (d) ("adverse change"), (e) ("representations and warranties") or (g) ("hostilities") occurs, an Underwriter may not terminate unless the Underwriter has reasonable and bona fide grounds to believe and does believe that the event either:

(a) has or is likely to have a materially adverse effect on the outcome of the Rights Offer and Placement (however, if in the opinion of that Underwriter the event is capable of being remedied such that it no longer has or is likely to have a material adverse effect on the outcome of the Rights Offer and Placement, that underwriter may not terminate if the event is so remedied to the satisfaction of that underwriter within three business days, or such other period as the underwriter agrees, of receipt of a notice of the underwriter's intention to terminate); or

(b) could give rise to a material liability of the Underwriter under any law or regulation (other than a liability which arises because the Underwriter is required to underwrite the offer of New Units or to otherwise comply with its obligations under the Underwriting Agreement).

If as a result of a declaration by the relevant authorities of a general moratorium on commercial banking activities in Australia, New York or London or a material disruption in commercial banking or securities settlement or clearance services in those places, it becomes impractical or inadvisable for:

(a) the Underwriters to settle the subscription of the Units; or

(b) the Underwriters to procure the payments to the Manager or (if applicable) the Manager's unit registry on the terms of the Underwriting Agreement,

the parties agree that:

(c) in respect of a moratorium that is lifted, or material disruption that is resolved, within five Business Days of the Initial Allotment Date or Final Allotment Date (as the case requires) – the Underwriters will perform their obligations under the Underwriting Agreement on the first Business Day after that moratorium is lifted or that material disruption is resolved; or

(d) in respect of a moratorium that is not lifted, or material disruption that is not resolved, within five Business Days of the Initial Allotment Date or Final Allotment Date (as the case requires) – the Underwriting Agreement is frustrated at law (and is therefore at an end).

If one or two of the Underwriters terminates its obligations under the Underwriting Agreement, the remaining Underwriter(s) may elect to take up the rights and obligations of the terminating Underwriter(s) under the Underwriting Agreement.

It is a condition to the underwriting that on or before the business day before the Initial Allotment Date:

(i) the Manager has entered into binding legal documentation with an Australian trading bank in respect of an equity bridge facility (or increase to an existing facility) in respect of not less than A$335,000,000 available for drawdown on and from the Initial Allotment Date and not repayable before the Final Allotment Date; and

(ii) MCWR has entered into binding legal documentation with a US financier in respect of an interest only debt facility over the First Washington Portfolio for US$1.62 billion, available for drawdown as required to meet its obligations under the Purchase and Sale Agreement.

11.6.2 Purchase and Sale Agreement

The Trust, Regency and Macquarie CountryWide-Regency II, LLC (MCWR) have entered into a Purchase and Sale Agreement (the Purchase and Sale Agreement) with First Washington and CalPERS (collectively, the Sellers). Pursuant to the Purchase and Sale Agreement, MCWR will purchase from the Sellers membership interests (the Membership Interests) in limited liability companies (the Acquired Entities) that collectively own the First Washington Portfolio.

Deposit

Subject to the satisfaction or waiver of the conditions described below, the Purchase and Sale Agreement requires MCWR to pay a deposit to the Sellers in the amount of the Deposit in the amount of approximately US$712 million on the Deposit Date. The Sellers have agreed to pay MCWR simple interest on the Deposit, at a rate of interest described below, accruing daily, with interest due and payable to MCWR on the 15th business day of each month until the Deposit is returned to MCWR or applied to the Purchase Price.

For the first 90 days after the payment of the Deposit, interest will be paid on the Deposit at a rate equal to 6.1% per annum. For each 30 day period following the initial 90 days after the Deposit Date, the rate of interest will be decreased by 1% per annum with respect to each 30 day period; however, the rate of interest for any 30 day period may not be less than the yield on one month US Treasury Bills at the beginning of such period. Additionally, the rate of interest will not be reduced with respect to a 30 day period if the closing of the transactions contemplated by the Purchase and Sale Agreement was delayed by the Sellers to address title issues. The Deposit will be held and invested in a blocked account.

Once the Deposit has been paid to the Sellers by MCWR, there are no further conditions to the obligation of MCWR or the Sellers to complete the closing of the transactions contemplated by the Purchase and Sale Agreement other than:

- obtaining the consents of lenders of certain identified loans affecting the properties in the First Washington Portfolio that are to be retained by MCWR after the closing, except that certain properties (or the entities owning these properties) will be excluded if lender consents are not obtained for these properties by October 1, 2005;
- no more than US$270,000,000 (excluding certain identified properties and the exclusion of properties for reasons relating to inadequate tenant estoppels) worth of properties in the First Washington Portfolio being excluded by MCWR as discussed below under the heading Pre-Deposit Options; and

- no temporary restraining order, preliminary or permanent injunction, cease and desist order or other order issued by any governmental or regulatory body prohibiting the completion of all or a material portion of the transactions to be effected at closing shall be in effect.

Although such obligations become binding at the time the Deposit is paid, MCWR will not acquire any interest in the Membership Interests or the properties in the First Washington Portfolio until the closing. However, the Membership Interests will be held in escrow for the benefit of MCWR.

Conditions to Deposit

The obligations of the Sellers under the Purchase and Sale Agreement to sell the Membership Interests to MCWR and to consummate the other transactions in the Purchase and Sale Agreement shall be subject to satisfaction or waiver of each of the following conditions:

- the Purchase and Sale Agreement shall not have been terminated (and not reinstated by the Sellers) in accordance with the procedures described below under the heading Pre-Deposit Options;
- no temporary restraining order, preliminary or permanent injunction, cease and desist order or other order issued by any governmental or regulatory body prohibiting the completion of all or a material portion of the transactions to be effected at closing shall be in effect; and
- a reasonably acceptable insurance company is prepared to issue a binding commitment to issue the environmental insurance policy discussed below under the heading Environmental Matters for US$10,000,000 or less.

The obligations of MCWR under the Purchase and Sale Agreement to pay the Deposit and acquire the Membership Interests from the Sellers and to consummate the other transactions in the Purchase and Sale Agreement is subject to satisfaction or waiver of each of the following conditions:

- the Purchase and Sale Agreement shall not have been terminated (and not reinstated by the Sellers) in accordance with the procedures described below under the heading Pre-Deposit Options;
- no temporary restraining order, preliminary or permanent injunction, cease and desist order or other order issued by any governmental or regulatory body prohibiting the completion of all or a material portion of the transactions to be effected at closing shall be in effect;
- the Underwriting Agreement shall not have been terminated for hostilities or changes of law each as discussed above in Section 11.6.1;
- MCWR must have received tenant estoppel certificates from certain identified major tenants plus additional tenants leasing in the aggregate not less than 60% of the occupied rentable space of all of the properties in the First Washington Portfolio excluding space leased to the identified major tenants but in no event less than 50% of the occupied rentable space of any one such property. In the event the Sellers fail to deliver the sufficient percentage of tenant estoppels to MCWR, MCWR may either waive the deficiency or require the Sellers to provide estoppels. MCWR may provide notice to the Sellers prior to the closing that MCWR has received non-conforming tenant estoppels from a major tenant for which the Sellers had delivered a Seller estoppel, and if MCWR claims losses arising out of facts, circumstances, conditions or events disclosed in any non-conforming tenant estoppel from any major tenant at any property that constitute a breach of certain representations and warranties as to the rent roll and other matters in excess of 10% of the value of the applicable property and such losses (excluding certain losses) exceed US$18,442,800, then MCWR may elect to either receive a credit against the Purchase Price in respect of the First Washington Portfolio equal to the amount of such losses or exclude the property from the closing;
- MCWR must have received all consents required from the ground lessors under any ground lease for any portion of the properties or receive Seller estoppels;
- the commitment of a title company to issue title insurance with respect to each of the properties with only certain permitted exceptions; and
- a reasonably acceptable insurance company is prepared to issue a binding commitment to issue the environmental insurance policy discussed below under the heading Environmental Matters for US$10,000,000 or less.

Pre-Deposit Options

If as of Deposit Date, both the sum of the agreed losses and the disputed losses arising from breaches of representations, warranties and covenants is less than US$18,442,800 and the agreed losses and disputed losses related to deferred maintenance conditions are less than US$5,000,000, then MCWR will be obligated to make the Deposit, and MCWR will not have any claim for damages, liabilities or losses against the Sellers by reason of any facts, circumstances, or events underlying the breach and/or deferred maintenance conditions. However, at the closing:

- there will be a price adjustment equal to the sum of the agreed losses and disputed losses; and
- the disputed losses will be deposited by MCWR in escrow and the disputed losses will be subject to arbitration.

The amount of the disputed losses in escrow that are determined to be losses pursuant to the arbitration will be disbursed to MCWR and the amount of the disputed losses in escrow that are determined not to be losses pursuant to arbitration will be disbursed to the Sellers.

If as of the Deposit Date, the agreed losses for breaches of representations, warranties and covenants exceed US$18,442,800 or if the agreed losses related to deferred maintenance conditions exceed US$5,000,000 then MCWR shall have the right to either:

- make the Deposit and consummate the closing except the price adjustments will be limited to US$18,442,800 and/or US$5,000,000, as applicable; or
- terminate this Purchase and Sale Agreement as of the Deposit Date.

If MCWR fails to timely deliver the notice by the Deposit Date, MCWR shall be deemed to have elected to make the Deposit and consummate the closing pursuant to Purchase and Sale Agreement. If MCWR elects to terminate the Purchase and Sale Agreement, then the Sellers will have the right to reinstate the Purchase and Sale Agreement by giving MCWR timely notice before the Deposit Date, that the Sellers have elected to either provide MCWR with a price adjustment equal to the aggregate loss amount (without limitation), and proceed with the Deposit and the closing or exercise the rights of the Sellers to exclude certain Properties.

If as of the Deposit Date, the sum of the agreed losses and the disputed losses arising from breaches of representations, warranties and covenants exceed US$18,442,800 or if the total of the agreed losses and disputed losses related to deferred maintenance conditions exceeds US$5,000,000, then MCWR will have the right to either:

- make the Deposit and consummate the closing with a price adjustment equal to total amount of the agreed losses and disputed losses arising the from breaches in an amount not to exceed US$18,442,800 (minus the amount of any deferred maintenance loss not to exceed US$5,000,000) and the deferred maintenance loss in an amount not to exceed US$5,000,000; or
- terminate the Purchase and Sale Agreement as of the Deposit Date.

If MCWR fails to timely deliver the notice by Deposit Date, MCWR will be deemed to have elected to make the Deposit and consummate the closing. If MCWR elects to terminate the Purchase and Sale Agreement, then the Sellers will have the right to reinstate the Purchase and Sale Agreement by giving MCWR timely notice before the Deposit Date, that the Sellers have elected to either submit the determination of disputed losses to arbitration or exercise the rights of the Sellers to exclude certain Properties.

As discussed above, under certain circumstances, the Sellers or MCWR may elect to exclude a Property or the Acquired Entity that owns the Property and only that Property from the closing by written notice on or before the date of the closing. Upon the exclusion of the Property or Acquired Entity, adjustments and exclusions will be made to the Purchase Price to account for the elimination of the Property or Acquired Entity and other adjustments will be made to account for the exclusion of breach events, losses, exceptions, environmental remediation expenses, loans and claims associated with the excluded Property or Acquired Entity.

Post-Deposit/Pre-Closing Breaches

After the Deposit has been paid but before the closing, MCWR will be entitled to an adjustment to the Purchase Price equal to the agreed losses from breaches of representations, warranties or covenants. The adjustment to the Purchase Price will be limited in the same manner as the limitations on indemnification discussed below. The Sellers may elect to escrow any disputed losses from any breaches of representations, warranties or covenants and subject them to arbitration. Once the disputed losses have been determined by an arbitrator, the amount of the losses will be released to MCWR and the remainder will be distributed to the Sellers.

Title Matters

MCWR has agreed with the Sellers that the Properties may be acquired with certain permitted exceptions to the title, including those listed on existing title policies. To the extent that other exceptions to title exist to which the parties have not agreed are permitted, the Sellers will use commercially reasonable efforts to satisfy or cure such other exceptions at the Sellers' sole cost and expense, not to exceed US$5,000,000.

If after the Sellers have used good faith and commercially reasonable efforts, any unpermitted title exceptions remain on a Property, MCWR will have the right to either:

- waive any rights with respect to the title exceptions and acquire the Property without any adjustment to the Purchase Price for the title exceptions or any claim for damages or liabilities against the Sellers for the title exception; or
- provide a good faith estimate of the loss or other diminution in value caused by the unpermitted title exceptions for the particular Property aggregated with all other unpermitted title exceptions on all other Properties.

Upon receiving the estimate of the loss or other diminution in value, the Sellers may elect to:

- exclude any individual Property if the estimated loss or other diminution in value with respect to any one Property alone exceeds 10% of the value of the particular Property;
- if the aggregate estimated loss or other diminution in value on all the Properties is equal to or more than US$250,000, cause MCWR to close with a credit against the Purchase Price equal to the estimated loss or other diminution less US$250,000;
- if the aggregate estimated loss or other diminution is less than US$250,000, cause MCWR to close; or
- submit the estimated loss or other diminution in value to arbitration and proceed to closing except that the estimated loss or other diminution less US$250,000 shall be held in escrow until the amount is finally determined by arbitration, after which time the arbitrated amount of such loss or other diminution in value shall be returned to MCWR and the remainder shall be disbursed to the Sellers.

Inspection

During the period form the execution of the Purchase and Sale Agreement until the closing of the acquisition of the Membership Interests, MCWR have the right to inspect the Properties and conducting environmental testing of 15 of the Properties, subject to an indemnity for personal injury and damage to the Properties.

Environmental Matters

At the closing, US$4,000,000 of the Purchase Price less amounts paid for certain ongoing environmental remediation projects prior to the closing will be paid into an escrow for ongoing environmental remediation and up to US$15,000,000 of the Purchase Price will be paid into an escrow for future environmental remediation for 15 properties to be designated by MCWR. Funds from each escrow will be disbursed from time to time as discussed below.

Prior to the closing, the Sellers will use commercially reasonable efforts to continue the ongoing environmental remediation projects. Following the closing, MCWR will use commercially reasonable efforts to commence and pursue completion of the ongoing and future remediation projects and to attempt to obtain appropriate "no further action" letters from the appropriate governmental authorities.

The Sellers' responsibility for the cost of future remediation projects will be limited to 75% of the future remediation escrow plus the amounts actually recovered by Buyer, the Sellers or the Acquired Entities, if any, pursuant to the Sellers' environmental insurance.

At the closing, the Sellers at their expense (with one-half of the cost being added to the Purchase Price) will obtain an environmental insurance policy covering the period from the closing and ending on the tenth anniversary date of the closing, with a US$50,000,000 policy limit and US$100,000 deductible, provided the cost of the insurance policy may not exceed US$10,000,000. The environmental insurance will cover all the Properties except matters subject to the ongoing remediation until such time as MCWR obtains a no further action letter for the ongoing remediation site and matters at the future remediation sites until the Phase II Reports determine that no remediation is recommended, or if remediation is recommended, until MCWR obtains a no further action letter with respect to the future remediation sites.

Purchase Price

The Purchase Price payable for the Membership Interests is US$2,741,225,000, however, the Purchase Price is subject to adjustment at the closing of the acquisition of the Membership Interests as follows:

- a credit to MCWR for the outstanding principal balance of the loans encumbering the Properties as of the closing;
- a credit to MCWR of US$6,557,200 for certain real estate tax adjustments;
- the Purchase Price will be adjusted up or down in the net amount of the prorations customary to the purchase and sale of retail shopping centres;
- a credit to MCWR for certain agreed upon losses as discussed above under the headings Pre-Deposit Options and Post-Deposit/Pre-Closing Breaches;
- a credit to MCWR for any unpaid balance under specified construction contracts for the Properties as of the closing;
- the Purchase Price will be increased by the amount which is paid by the Sellers with respect to capital projects undertaken at the specific request of MCWR, but not to exceed US$8,000,000 unless the amount exceeds US$13,000,000, in which case the Purchase Price will be increased by US$8,000,000 plus the amount of the excess over US$13,000,000;
- a credit to MCWR for certain reductions of the value of the Properties relating to title matters as discussed above under the heading Title Matters;
- a credit to MCWR for certain non-conforming tenant estoppels received after the Deposit Date;
- the Purchase Price will be reduced to reflect the elimination of Properties as described above under the heading Pre-Deposit Options;
- the Purchase Price will be increased by one-half of the costs of the environmental insurance policy discussed above under the heading Environmental Matters, plus the costs of obtaining additional environmental insurance coverage requested by MCWR;
- a credit to MCWR for certain closing costs, including the cost of obtaining lender consents, prepaying existing loans and obtaining title insurance policies;
- the Purchase Price will be increased by US$3,750,000 to fund MCWR's 25% of the environmental escrow discussed above under the heading Environmental Matters;
- the Purchase Price will be adjusted, if appropriate to account for the fact that a third party partner of the Sellers may exercise a buy-sell with respect to a Property called Edgewater (which is discussed below) and that the Property may or may not be acquired by MCWR at closing; and
- the Purchase Price will be adjusted, if appropriate, for the value of certain Properties subject to purchase options, and one Property under contract, which may be sold by the Sellers to third parties that have rights to acquire the Properties.

Risk of Loss, Condemnation and Casualty

MCWR does not have a right to terminate the Purchase and Sale Agreement for any condemnation of any of the Properties. MCWR will be entitled to receive all condemnation proceeds, and the Sellers have agreed not to enter into any settlement with respect to any condemnation proceeding, any settlement in lieu of condemnation, insurance settlement or similar agreement without the consent of MCWR. MCWR will have the right to lead and conduct all negotiations with respect to any settlement.

If, prior to the date of closing, all or any portion of the Properties are destroyed or damaged by fire, earthquake, hurricane or other casualty, the Sellers are required to notify MCWR of that fact promptly after the Sellers obtain knowledge of the event. MCWR will not have any right to terminate the Purchase and Sale Agreement for any casualty. Unless required to do so by law or pursuant to the terms of any leases or existing loans, the Sellers will not be obligated to repair any damage or destruction (but they may do so and use insurance proceeds for same, as required to protect against injury to person or property).

If the reasonable estimated economic impact on the Property as a result of the casualty is agreed to be less than 20% of the value of the particular property, then all of the insurance proceeds net of any costs of repairs and net of reasonable collection costs payable with respect to the casualty will be assigned to MCWR and the parties shall proceed to closing pursuant to the terms of the Purchase and Sale Agreement without abatement of the Purchase Price except for a credit to MCWR in the amount of any uninsured or underinsured portion of the loss including the applicable insurance deductible or self-insurance amount, if any and the amount of casualty or condemnation proceeds paid to and retained by a lender, tenant or other party in interest. If the parties can agree on the estimated economic impact on and diminution in the value of a particular Property as a result of a casualty, then the Sellers will give a credit to the Purchase Price to MCWR in the amount of the economic impact and diminution in value.

If MCWR believe that the value of the Property has been reduced by more than 20% as a result of the casualty, MCWR may elect to have the Purchase Price reduced by the economic impact on and diminution in the value of the Property as a result of a casualty and the Sellers will retain the related insurance proceeds.

The economic impact on and diminution in value of the Property will be determined by arbitration.

Edgewater Property

The Sellers hold a 50% interest in a Property called Edgewater. The 50% interest is subject to a buy-sell with the Sellers' joint venture partner in Edgewater. MCWR shall have the right to specify the price at which the joint venture partner will either purchase the Sellers' 50% interest or sell its 50% interest to the Sellers, in which case the entity owning Edgewater would be acquired. A utility company is currently negotiating a 99 year lease of underground space at Edgewater. Rent for the lease is expected to be made in the form of a lump sum payment. In the event that the lease is entered into with the utility company, the Sellers would receive 90% of the lease payments from the utility, and Buyer would retain 10% of these payments.

Representations and Warranties

As is customary for US retail shopping centre property transactions, the sale of the Membership Interests will be with only limited representations and warranties about the properties and the Acquired Entities being made. Most representations and warranties were only made as of the date of the Purchase and Sale Agreement and are not brought down at the Deposit Date or the closing.

Indemnity by the Sellers

After the closing, the Sellers have agreed to indemnify MCWR from claims arising out of or resulting from:

- the inaccuracy or breach of any representation or warranty of the Sellers contained in the Purchase and Sale Agreement;
- the material breach of any covenant of the Sellers contained in the Purchase and Sale Agreement or related agreements or the material breach before closing of any covenant of the Acquired Entities contained in the Purchase and Sale Agreement or related agreements;
- the breach of any Special Covenant (defined below);
- debts, liabilities or obligations of any Acquired Entity arising from facts, circumstances, events or agreements which occurred, or which otherwise accrued, prior to the closing, other than with respect to leases, ground leases, material contract, existing loans and other obligations and liabilities for which MCWR receives a credit against the Purchase Price;
- any claim brought by or on behalf of any broker or finder retained, employed or used by the Sellers or the Acquired Entities in connection with the Purchase and Sale Agreement;
- any claim arising from any inaccuracy in any of the Sellers' estoppels;
- any claim asserted against any Acquired Entity for violations of certain laws, pre-closing taxes, breaches of fiduciary duties owed by any such entity to a person other than another Acquired Entity, and/or fraud in each case arising or accruing prior to the closing date;
- third party claims arising from the ongoing and future remediation sites until further action letters are obtained from the appropriate governmental authorities; and
- certain litigation matters.

Indemnity by MCWR

After the closing, MCWR have agreed to indemnify the Sellers from claims arising out of or resulting from:

- the inaccuracy or breach of any representation or warranty of MCWR contained in or made pursuant to the Purchase and Sale Agreement;

- the material breach of any covenant of MCWR contained in the Purchase and Sale Agreement;
- debts, liabilities or obligations of the Acquired Entities and/or from the ownership of the Membership Interests arising from facts, circumstances, events or agreements which occurred, or which otherwise accrued, from and after the closing; and
- any claim brought by or on behalf of any broker or finder retained, employed or used by MCWR in connection with the Purchase and Sale Agreement.

Limitations on Indemnification

Indemnity claims that MCWR may have against the Sellers arising from breaches of representations, warranties and covenants in the Purchase and Sale Agreement will survive as follows:

- claims arising from breaches other than Property Breaches (defined below) will survive for a period of 18 months after the closing;
- claims arising from the violations of certain laws, breaches of fiduciary duties owed by the Sellers to other parties, and/or fraud (Special Entity Claims) and from breaches of representations and warranties relating to the Sellers' and Acquired Entities' organization, power and authority to enter into, and the valid execution of, the Purchase and Sale Agreement, tax matters, and employees and claims arising from litigation matters and certain covenants relating to specific actions taken or not taken prior to the closing (Special Covenants) will survive after the closing for the period of the applicable statute of limitations; and
- claims arising from breaches of representations, warranties and/or covenants relating to properties, condemnation, environmental matters, leasing commissions and tenant allowances, rent rolls and leases, accounts receivable, service contracts, ground leases, insurance, compliance with certain restrictions, permits and shadow anchors (Property Breaches), but are not covered in the items noted above, will survive for a period of nine months.

There is an unlimited survival period for broker claims, the Sellers' post-closing claims arising from facts, circumstances, events or agreements which occurred, or which otherwise accrued, from and after the date of closing and third party environmental claims.

The Sellers will not have any indemnification liability for claims arising from Property Breaches identified to Seller by MCWR prior to closing:

- unless the aggregate amount of the claims arising from Property Breaches (excluding losses arising from the overstatement or understatement of base rent or recoveries (NOI Losses)) exceeds US$250,000, provided that once such claims exceed US$250,000, the Sellers will be responsible for the entire amount of claims arising from the Property Breaches up to the maximum amount for the claims arising from Property Breaches noted below; and
- in the case of NOI Losses, to the extent that the claims exceed US$5,000,000.

MCWR will only be entitled to indemnification for all Property Breaches to the extent of the aggregate of all adjustments to the Purchase Price (including for NOI Losses) and all Property Breaches do not exceed US$18,442,800.

The Sellers will not have any indemnification liability for claims arising from non-Property Breaches unless the aggregate amount of all claims arising from non-Property Breaches exceeds US$250,000, provided that once such claims exceed US$250,000, the Sellers will be responsible for the entire amount of claims arising from non-Property Breaches to the extent that all adjustments to the Purchase Price for losses described above under the heading Pre-Deposit Options arising from non-Property Breaches and the amount for all claims arising from non-Property Breaches do not exceed US$200,000,000.

The Sellers' indemnification liability with respect to Special Covenants, broker claims, Special Entity Claims, third party environmental claims, and certain litigation will not exceed the Purchase Price.

Defaults

In the event that MCWR breaches its duty to pay the Deposit, then the Sellers will have the right to terminate the Purchase and Sale Agreement and receive liquidated damages in the sum of US$75,000,000 from MCWR, as their sole and exclusive remedy.

After the Deposit is paid, in the event that MCWR breaches its duty to pay the Purchase Price pursuant to the terms and conditions of the Purchase and Sale Agreement, then the Sellers shall have the right to terminate the Purchase and Sale Agreement and receive liquidated damages in the sum of US$300,000,000.

In the event the payment of the Deposit does not occur on the date that it is required to be paid or the closing of the transactions contemplated by the Purchase and Sale Agreement does not occur as provided in the Purchase and Sale Agreement by reason of a breach by the Sellers of their representations, warranties, covenants and agreements contained in the Purchase and Sale Agreement, MCWR may elect as its sole and exclusive remedy, either to terminate the Purchase and Sale Agreement or exercise a right of specific performance.

The Trust and Regency have guaranteed MCWR's obligations under the Purchase and Sale Agreement up to the amount of the liquidated damages.

Termination

The Purchase and Sale Agreement may be terminated without further liability of any party at any time prior to the closing by mutual written agreement of the parties. Upon such a termination, MCWR will be entitled to receive return of the Deposit.

MCWR may terminate the Purchase and Sale Agreement if the conditions to MCWR's obligation to pay the Deposit have not been satisfied or waived by the Deposit Date.

If the conditions to the Sellers' obligation with respect to the Deposit have not been satisfied or waived by the Deposit Date, the Sellers may terminate the Purchase and Sale Agreement prior to the payment of the Deposit.

MCWR or the Sellers may terminate the Purchase and Sale Agreement if the closing has not occurred on or before October 31, 2005.

Upon termination of the Purchase and Sale Agreement following the payment of the Deposit, the Sellers must pay to MCWR the Deposit plus all accrued interest on the Deposit. If the Sellers have terminated by reason of MCWR's breach, the Sellers may reduce such payment by the amount of any liquidated damages as discussed above.

11.6.3 Joint Venture Agreement

Trust and Regency have entered into a letter of intent (Letter of Intent) which provides for the execution of the following documents prior to or concurrently with the closing of the transactions contemplated by the Purchase and Sale Agreement:

- the Limited Liability Company Agreement (the LLC Agreement) of MCWR;
- the agreement of Regency to provide the income support payments described below (the Income Target Agreement); and
- the Property Management and Leasing Agreement (the Property Management Agreement) providing for the management of the properties in the First Washington Portfolio by Regency or its affiliate.

11.6.3.1 LLC Agreement

The Letter of Intent provides that a US REIT and Regency will enter into the LLC Agreement. Except as set forth below, the form and principal terms and conditions of the LLC Agreement will be identical in all material respects to that Amended and Restated Limited Liability Company Agreement of Macquarie CountryWide-Regency LLC, an existing agreement between US REIT and Regency. The LLC Agreement shall contain the following modifications and additional terms:

- US REIT will have a 65% percentage interest in MCWR and Regency will have a 35% percentage interest in MCWR;
- MCWR will pay to Regency or its affiliate a quarterly asset management fee equal to of 0.20% per annum of the fair market value of MCWR's assets as of the end of quarter. The first payment of the asset management fee will be payable for services performed in the seventh full fiscal quarter after the closing. No incentive asset management fee shall be payable under the LLC Agreement;
- MCWR will pay Regency or its designee an acquisition fee equal to 1% of the Purchase Price (adjusted for any credits and other adjustments other than the Deposit, for prorations or for indebtedness on the Properties) paid by MCWR to the Sellers pursuant to the Purchase and Sale Agreement. Regency has agreed that US$5,200,000 of the acquisition fee will be held back by MCWR at closing and will be paid pursuant to the Income Target Agreement;
- MCWR will pay Regency a financing fee on any financing of MCWR (excluding any short-term financing in place for less than 12 months) equal to 0.50% of the original principal amount of the financing. The financing fee will not be payable with respect to assumed or retained debt that MCWR acquires with a New Property;
- for providing due diligence services to MCWR in connection with MCWR's acquisition of the First Washington Portfolio, MCWR will pay due diligence fees to US REIT or its designee and Regency or its designee equal to 0.125% of the Purchase Price (adjusted for any credits and other adjustments other than the Deposit, for prorations or for indebtedness on the Properties). Additionally, US REIT and Regency will be reimbursed for their third party costs associated with the due diligence process;
- there will not be a promote paid to Regency by MCWR under the LLC Agreement with respect the distribution of the net proceeds from financings, net proceeds from capital transactions and proceeds from the liquidation of MCWR. Instead those distributions will be paid to US REIT and Regency in proportion to their respective percentage interests in MCWR, regardless of either party's internal rate of return on its capital contributions;
- Regency will not be entitled to any Portfolio Liquidation and Management Fees under the LLC Agreement;
- Regency will receive a construction management fee on tenant improvements and other capital improvements to existing structures equal to 5% of total costs, including hard and soft costs but, excluding land costs and financing fees; and
- to the extent that Regency or an affiliate of the Macquarie Bank Group is involved as agent in the sale of any property to a third party buyer, Regency or the affiliate of the Macquarie Bank Group will receive a disposition fee based on a market rate not to exceed 1% (to be shared where a third party selling agent is involved). In the case in which Regency acts as the sole introducing agent to the disposition and handles every aspect of the transaction, it will earn the entire fee. In the case in which the affiliate of the Macquarie Bank Group acts as the sole introducing agent to the disposition and handles every aspect of the transaction, it will earn the entire fee. If both parties are responsible for some aspect of the disposition, the disposition fee may be shared by both Regency and the affiliate of the Macquarie Bank Group as agreed to by both parties on a case-by-case basis. The acquisition fee in this

instance equals 1% of the purchase price multiplied by the percentage of equity ownership interests in that affiliate that are not directly or indirectly owned by the member.

11.6.3.2 Income Target Agreement

Regency will enter into the Income Target Agreement with MCWR. Pursuant to the Income Target Agreement, MCWR's full payment of the acquisition fee is contingent upon confirmation of certain assumptions made about future net operating income (NOI) of MCWR, and therefore, US$5,200,000 of the acquisition fee will be deferred at closing and become payable in future periods subject to the following conditions:

- in the event that the NOI for the one year period ending on the first anniversary of the closing is less than US$169,246,000 (Year 1 NOI), as adjusted for the NOI of properties sold by MCWR since the closing, an amount equal to the difference between the Year 1 NOI and the actual NOI for the first year will be distributed by MCWR to US REIT and Regency in accordance with their percentage interests in MCWR, but not more than US$5,200,000;
- in the event that the NOI for the one year period ending on the second anniversary of the closing is less than US$174,747,000 (Year 2 NOI), as adjusted for the NOI of properties sold by MCWR since the closing, an amount equal to the difference between the Year 2 NOI and the actual NOI for the second year will be distributed by MCWR to US REIT and Regency in accordance with their percentage interests in MCWR, but the distributions in the first and second years will be limited to no more than US$5,200,000 in the aggregate;
- in the event that the NOI of the Company for the one year period ending on the third anniversary of the closing is less than US$180,426,000 (Year 3 NOI), as adjusted for the NOI of properties sold by MCWR since the closing, an amount equal to the difference between the Year 3 NOI and the actual NOI for the third year will be distributed by MCWR to US REIT and Regency in accordance with their percentage interests in MCWR, but the distributions in the first, second and third years will be limited to no more than US$5,200,000 in the aggregate; and
- any portion of US$5,200,000 of the deferred acquisition fee that is not distributed to US REIT and Regency pursuant to the Income Target Agreement will be paid to Regency on the third anniversary of the closing.

Deposit and Capital Contributions

US REIT will use a portion of the proceeds of the offering to contribute US$712,400,000 to MCWR, so that MCWR may make the Deposit with the Sellers pursuant to the Purchase and Sale Agreement. MCWR is entitled to all interest and other income earned on the Deposit and is entitled to the entire refund of the Deposit upon the termination of the Purchase and Sale Agreement or as otherwise provided in the Purchase and Sale Agreement.

At the closing, US REIT and Regency shall make cash capital contributions to MCWR such that (a) after giving effect to all new and retained indebtedness as of the closing, which is expected to be based on a 60% leverage ratio, MCWR shall be able to pay the Purchase Price (less the Deposit and subject to price adjustments) pursuant to the Purchase and Sale Agreement, and (b) as of the closing, the aggregate capital contributions made by each of US REIT and Regency to MCWR (including the $712,400,000 cash capital contribution made by US REIT to make the deposit) shall be in accordance with the Members' respective percentage interests. MCWR will use the capital contributions (or the application of the Deposit) to purchase the Properties.

The Trust and Regency have agreed to defend, protect, indemnify and hold harmless the other party harmless from and against any third party claims, demands, losses, damages, liabilities or costs and expenses, including, without limitation, reasonable attorneys' fees and court costs (Claims) suffered or incurred by the other party pursuant to the Purchase and Sale Agreement to the extent that the Claims (other than Claims arising from the failure of US REIT or Regency, as applicable, to make its capital contribution to MCWR discussed above) are in excess of 65% (in the case of the Trust) and 35% (in the case of Regency) of the aggregate amount of all the Claims suffered or incurred by US REIT and Regency.

11.6.3.3 Property Management Agreement

MCWR and Regency or its affiliate will enter into the Property Management Agreement. The term of the Property Management Agreement will be 10 years from the date of the closing, which may be extended at the option of Regency for two subsequent five year terms. The form and principal terms and conditions of the Property Management Agreement will be identical in all material respects to that certain Property Management and Leasing Agreement (as amended) among Macquarie CountryWide-Regency LLC, its subsidiaries and Regency Realty Group, Inc. (which assigned its rights and obligations thereunder to Regency). The term of the Property Management Agreement shall not commence until First Washington Realty, Inc. is no longer providing property management services with respect to a portion of the Properties.

Under the Property Management Agreement, Regency will be entitled to leasing commissions equal to outlined below under Additional Terms. Additionally, Regency will be paid a management fee under the Property Management Agreement equal to 3% for the first two years of the term, 3.25% for the third year of the term, 3.5% for the fourth year of the term, 3.75% for the fifth year of the term and 4% thereafter, and may be reviewed upon the request of either party every three years to confirm the management fee is a market fee.

11.6.3.4 Additional Terms of Joint Venture Agreement

The Trust and Regency have also agreed to promptly commence good faith negotiations and use their respective best efforts to structure the management, operations and economics of MCWR to also include the following additional or modified terms at the closing; however, in the event that terms discussed below are not agreed upon by the closing, the Trust and Regency will close the transactions based on the terms discussed above.

A member of Regency's senior management team will also be invited to join the board of the Manager.

In addition to forming MCWR, Regency and Macquarie will form Macquarie-Regency Management LLC (the US Manager) that will manage the business affairs of MCWR and a newly formed REIT subsidiary of US REIT (New REIT). The US Manager will be 50% owned by Regency and 50% owned by Macquarie. The US Manager will manage the collective affairs of MCWR and the New REIT. The US Manager will earn the following fees for providing services to the New REIT and MCWR:

- a base management fee equal to 0.40% of New REIT's effective share of MCWR's assets under management; and
- the US Manager will receive a prorata share of the performance fee earned by the Responsible Entity with the weighting being equal to the percentage of the Trust's assets in the New REIT versus the Trust's total assets.

These fees will be shared by Regency and Macquarie based on their ownership interests in the US Manager.

11.6.3.5 Terms of the US Manager Limited Liability Company Agreement

The Macquarie Bank Group and Regency will have equal representation in the governance of the US Manager, and the limited liability company agreement of the US Manager will contain several major decisions. Additionally, the limited liability company agreement of the US Manger will provide that the US Manager will be liquidated upon the first to occur of:

- the agreement of the Macquarie Bank Group and Regency to dissolve the US Manager;
- after the fifth anniversary of the closing, the election by one member to dissolve (in which case, the non-electing member will have the option to purchase, or cause the US Manager to purchase, the membership interests of the other member);
- upon a member default, the election to dissolve by a non-defaulting member or purchase the defaulting member's interest;
- bankruptcy; and
- certain tax events.

The limited liability company agreement of the US Manager will also provide that if the Property Management Agreement is terminated for any reason other than for gross negligence, fraud or willful misconduct by Regency, then Regency will have the right to sell its interest in the US Manager to the Macquarie Bank Group at fair market value, and the Macquarie Bank Group will have the right to acquire Regency's interest in the US Manager at fair market value.

If the Property Management Agreement is terminated for willful misconduct, fraud or egregious default by Regency, then the Macquarie Bank Group will have the right to acquire Regency's interest in the US Manager at fair market value.

If the Macquarie Bank Group is no longer providing services to the Manager, Regency will have the right to acquire the Macquarie Bank Group's interest in the US Manager for fair market value, and Macquarie will have the right to sell its interest in the US Manager to Regency for fair market value.

Additional Terms of the LLC Agreement

The US Manger will become a member of MCWR at the closing. As further modified upon the agreement of the Trust and Regency, the LLC Agreement will provide that with respect to cash distributions other than the Properties acquired pursuant to the Purchase and Sale Agreement, the New REIT will receive 75% of the cash distributions and Regency will receive 25% of the cash distributions, while the cash distributions with respect to the Properties acquired pursuant to the Purchase and Sale Agreement will continue to be distributed 65% to the New US REIT and 35% to Regency.

The LLC Agreement will also provide that upon a change of control (as will be determined by the parties) with respect to the Trust, US REIT or New REIT or the Manager, Regency will have the right to either purchase New REIT's interest in MCWR at fair market value, or elect for a distribution in-kind on a rotational basis for a to be elected percentage of the assets.

If there is a change of control of Regency, New REIT will have the right to elect for a distribution in kind for its share of the properties, elect to purchase Regency's interest in the US Manager at fair market value or buy out the remaining property management contract at fair market value if the property manager is not retained. To the extent that a performance fee becomes payable for the period in which the membership interest is purchased, the amount of the performance fee will be taken into account in determining the fair market value of Regency's interest in the US Manager.

These change of control rights will be in place for six months after the change of control event. In addition, to the extent that any of the change of control events occur with respect to Regency, New REIT or the Manager, the exclusivity arrangements described below will be cancelled.

After the fifth anniversary of the closing, Regency will have the option to redeem its interest in MCWR in whole or in part. Upon the redemption election, the New REIT may elect to purchase Regency's interest for cash or common stock of the New REIT, which may be convertible into units in the Trust, but will be subject to the approval of the Macquarie Bank Group and Regency as a major decision of the US Manager. In determining the value of the interest being redeemed or purchased, the properties shall be appraised to determine the fair market value thereof, and the value of the interest shall be equal to the amount Regency would have received had the properties been sold at fair market value and the proceeds been distributed in liquidation of MCWR.

To the extent that Regency has acquisition opportunities, the New REIT will be in the rotation process with Regency's other joint venture partners (such inclusion in the rotation will be linked to US REIT via the New REIT) participating in the purchase of up to an additional 10% equity interest in the First Washington Portfolio from Regency over time.

Until Regency has ceased providing MCWR with the benefits of its systems in order to provide the Trust with opportunities to acquire additional properties, grow and create additional value for its Unitholders (so long as such ceasing is not as a result of a change in the general market conditions affecting Regency's ability to provide such opportunities), the Macquarie Bank Group will agree that it will not, and will cause its affiliates not to, actively solicit nor engage any other party to actively solicit the purchase or sale of any properties in the United States market on behalf of MCWR or the New REIT. However, the Macquarie Bank Group may from time to time introduce properties for purchase by MCWR so long as the knowledge or availability of such properties arises from the Macquarie Bank Group's activities undertaken by the Macquarie Bank Group in the North American market but unrelated to MCWR or the New REIT. In the event MCWR acquires the properties, MCWR will be entitled to a portion of the acquisition fee payable with respect to such property, as may be deemed appropriate by all the Macquarie Bank Group and Regency.

Until the Trust no longer provides, or has sufficient means to provide, MCWR with capital (so long as such ceasing is not a result of a change in the general market conditions affecting the Trust's ability to provide such capital), Regency will agree that it will not, and will cause its affiliates not to, actively engage in the business of a fund manager in Australia.

In addition, as long as Regency continues to own its 50% interest in the US Manager, the Macquarie Bank Group and its affiliates will not manage or co-manage another Australian listed property trust that invests predominantly in grocery-anchored shopping centres in the US with another operator, subject to the existing relationships (the Macquarie Bank Group's activities with Macquarie DDR Trust are not deemed to be competition and therefore, its activities will not restricted by the LLC Agreement).

In addition, as long as the Macquarie Bank Group continues to own its 50% interest in the US Manager, Regency and its affiliates will not seek to raise capital for investment in stabilized grocery-anchored shopping centres from the listed property trust market in Australia.

These restrictions shall terminate in the event that either the Macquarie Bank Group or Regency are no longer members of the US Manager.

Property Management Agreement

Regency will enter into a property management contract with MCWR and US Manager. The property management agreement will have an initial term of 10 years, which may be extended at the option of Regency for two subsequent five year terms. The property management fee will be equal to 4% and may be reviewed upon the request of either party every three years to confirm the management fee is a market fee.

MCWR will have the right to terminate Regency as the property manager for gross negligence, fraud or willful misconduct. The property manager may also be terminated:

- in the event Regency no longer retains an interest in the US Manager or MCWR (but not upon a change of control of Regency);
- Regency or its affiliate that is the property manager files for bankruptcy;
- in the event that Regency or its successor is no longer actively engaged in the property management business for shopping centres; or
- Regency or its affiliate that is the property manager materially breaches the agreement and such breach is not cured.

Fees and Expenses

Market rate fees for the following services will be earned in the first instance by the US Manager and then will be paid directly to the party providing the service. To the extent that both parties are involved in providing a service, fees may be split by Regency and the Macquarie Bank Group as agreed upon by both parties. If Regency and the Macquarie Bank Group cannot agree to the allocation, the fee will be split equally. The level of ongoing fees for the services outlined below must be approved by all directors of the Manager in accordance with the Trust's constitution on an annual basis. Any acquisition, disposition, debt placement fees or leasing commissions shall be reduced by the amounts owed, if any, by the US Manager, as the case may be, to any third party agent or referring party with respect to the transaction that generates such fee.

Acquisition Fee: To the extent that Regency or the Macquarie Bank Group acts as agent for the purchase by New REIT of any property from a third party, Regency and/or the Macquarie Bank Group will earn an acquisition fee equal to 1.0% of the gross asset value of such property (excluding transaction expenses and costs associated with financing the acquisition) and be reimbursed for third party acquisition costs where those costs are payment for services that can be relied upon by MCWR. Regency or its affiliates will only be deemed to have introduced a property or portfolio of properties where the property or portfolio of properties has been purchased by MCWR or its subsidiaries either directly from a third party introduced by Regency or where the property or portfolio of properties has been acquired and held by Regency for a period of less than 90 days.

Where a third party property is owned by Regency for a period of less than 90 days from the date of unconditional commitment by Regency to the date of unconditional commitment by MCWR to purchase the property, the third party acquisition will be contributed at cost. In this instance, Regency will receive an acquisition fee and reimbursement of third party acquisition costs where those costs are for the payment of services that can be relied on by MCWR, including legal due diligence and property level legal compliance expenses incurred in conjunction with initial acquisition. For properties owned by Regency for a minimum period of 90 days from the date of unconditional commitment by Regency to the date of unconditional commitment by MCWR to purchase the property, Regency will have the option of contributing the property to MCWR at cost (and receiving the acquisition fee), or using an independent appraisal mutually acceptable to Regency and the Macquarie Bank Group to determine the purchase price to MCWR. Where the price paid by MCWR is greater than the price paid by Regency, Regency will not receive an acquisition fee but will be reimbursed for third party acquisition costs where those costs are for the payment of services and can be relied upon by MCWR. The acquisition fee will be payable at the time of the closing of the purchase of such property. In the case in which Regency acts as the sole introducing agent to the acquisition and handles all material aspects (ie, preparation of investment memos, underwriting, due diligence, etc.) of the transaction, it will earn the entire acquisition fee. In the case in which the Macquarie Bank Group acts as the sole introducing agent to the acquisition and handles all material aspects of the transaction, it will earn the entire acquisition fee. In the event that both parties are responsible for some aspect of introducing the property as a potential acquisition or handles a portion of the transaction process, the acquisition fee will be shared in some proportion by both parties as agreed on a case-by-case basis.

Leasing Commissions: As leases terminate, Regency will re-lease or renew the space and earn a market commission based on the following formula (leasing commission will be subject to a standard 90 day "tail" provision relating to tenants procured by Regency prior to termination that execute leases within the 90 day period post termination).

New Leases (including expansions):

- less than 5,000 sq ft: 6.0% of base rent in years 1-5, 3.0% remainder of term;
- 5,000 sq ft and less than 10,000 sq ft: 5.0% of base rent in years 1-5, 2.5% remainder of term;
- 10,000 sq ft and less than 20,000 sq ft: 4.0% of base rent in years 1-5, 2.0% remainder of term; and
- 20,000 sq ft and greater: US$2.00 per sq ft.

Renewals (including relocations):

- all renewal fees for leases less than 20,000 sq ft will be 50% of the New Lease fees as highlighted above; and
- all renewal fees for leases greater than or equal to 20,000 sq ft shall be (a) the New Lease fee as highlighted above for leases greater than or equal to 20,000 sq ft with respect to a negotiated renewal involving an amendment to a material lease term, or (b) 50% of the applicable New Lease fee for a renewal (or exercise of an in-place extension option) which does not require any amendment to a material lease term.

As exclusive leasing agent for the properties, Regency shall cooperate with any independent licensed real estate brokers or agents and, in the event that any such broker or agent participates as a procuring cause of a tenant lease with respect to which Regency is due a leasing commission, then Regency shall receive 50% of the leasing commission, as outlined above. The balance will be due to the third party co-operating broker.

To the extent that the proposed combined leasing commission is greater than the approved leasing schedule, Regency will be required to get approval from the Manager on the basis that the all-in fee is considered "market" for comparable services involving a procuring broker.

All Leasing Commissions will be 50% payable upon full execution of lease and 50% payable upon commencement of payment of or commencement date of obligation to pay base rent.

Outparcel Sale Commissions: In connection with providing the services associated with outparcels, Regency shall earn the following fees:

Outparcels/ground leases for new leases and renewals:

- new leases: 4.0% of base rent in years 1-5, 2.0% for years 6-10; and
- renewals: 2.0% of base rent in years 1-5, 1.0% for years 6-10.

Outparcel sale commissions:

- 6.0% of gross sales price up to US$500,000;
- 5.0% of gross sales price greater than US$500,000 and less than US$1,000,000; and
- 4.0% of gross sales price greater than or equal to US$1,000,000.

Outparcel sales commissions are payable in full at closing of the outparcel sale transaction. Outparcel ground lease commissions are payable 50% upon execution of the lease and 50% upon the commencement of payment of or commencement date of obligation to pay rent.

Construction Management Fee: Regency will receive a construction management fee on tenant improvements and other capital improvements to existing structures equal to 5% of total costs, including hard and soft costs but, excluding land costs and financing fees. The construction management fee associated with a material redevelopment of a shopping centre or a material expansion to an existing center shall be agreed by the US Manager's members (ie, Regency and the Macquarie Bank Group) in connection with the approval process of the development expenditure. This fee shall be paid in equal monthly installments over the estimated construction period.

Disposition Fee: To the extent that Regency or the Macquarie Bank Group is involved as agent in the sale of any property to a third party buyer, Regency and/or the Macquarie Bank Group shall receive a disposition fee based on a market rate not to exceed 1% (to be shared where a third party selling agent is involved). In the case in which Regency acts as the sole introducing agent to the disposition and handles every aspect of the transaction, it will earn the entire fee. In the case in which the Macquarie Bank Group acts as the sole introducing agent to the disposition and handles every aspect of the transaction, it will earn the entire fee. If both parties are responsible for some aspect of the disposition, the disposition fee may be shared by both Regency and the Macquarie Bank Group as agreed to by both parties on a case-by-case basis. The US Manager is entitled to a partial acquisition fee for the purchase of property from a non-wholly owned affiliate of the member. The Acquisition Fee in this instance equals 1% of the purchase price multiplied by the percentage of equity ownership interests in such affiliate that are not directly or indirectly owned by such member.

Debt Placement Fee: To the extent that Regency or the Macquarie Bank Group arranges debt that is beneficial to MCWR or the New REIT, Regency or the Macquarie Bank Group, as the case may be, will receive a fee equal to 0.50% of the total amount of the financing (excluding any short-term debt financing in place for less than 12 months). Such fee will be reduced by the amount paid to third parties for debt placement services. Such financing must comply with the financial risk management policy of MCWR.

Due Diligence Fee: With respect to future acquisitions of properties by MCWR, the US Manager will receive a due diligence fee equal to 25 basis points of New REIT's pro rata interest in the purchase price of such properties. The due diligence fee will be payable by the New REIT to the US Manager. The fee will be shared by the Macquarie Bank Group and Regency in accordance with their ownership interests in the US Manager. To the extent Regency or the Macquarie Bank Group performs due diligence services associated with the acquisition and disposition of properties, Regency or the Macquarie Bank Group, as applicable, will be reimbursed for all third party costs incurred.

Dead Deal Costs: Where the US Manager and the Manager have approved an acquisition or the incurrence of due diligence costs related to an acquisition and the acquisition fails to close, all third party costs relating to such failed acquisition will be borne by MCWR. In all other instances, such third party costs relating to the failed acquisition shall be borne by the US Manager provided that the third party costs are for the payment of services that could have been relied upon by or are for the benefit of MCWR.

11.7 Debt facilities

It is proposed that the Manager will take out an equity bridge facility for $335 million with an Australian trading bank on commercial terms. This facility will be a short term debt arrangement to cover the period of time from Deposit Date to receipt of monies from the Retail Rights Offer. When Application Monies have been received from the Retail Rights Offer, the Equity Bridge Facility will be repaid.

It is the intention of the Regency Joint Venture to increase the First Washington Portfolio gearing to 60%. The Regency Joint Venture has received an indicative offer for a new interest only debt facility over the First Washington Portfolio for US$1.42 billion and a commitment for a bridging facility while the existing debt is extinguished. The indicative terms reflecting the cost of the bridging facility has been assumed to be 1.0% over LIBOR. The weighted average fixed rate for the permanent financing has been assumed to be 4.93% per annum (including margin), with an average period of six years. The Forecast assumes that 85% of the interest will be fixed and 15% at floating interest rates with a margin of 1.0%. The total financing establishment costs are estimated to be US$14 million.

11.8 Consents and disclaimer

None of the parties referred to below has made any statement that is included in this PDS or any statement on which a statement made in this PDS is based, other than any statement or report included in this PDS with the consent of that party as specified below. Each of these parties to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this PDS, other than the reference to its name and a statement or report included in this PDS with the consent of that party as specified below:

Clayton Utz has given and has not, before lodgement of this PDS with ASIC, withdrawn its written consent to be named in this PDS as solicitors to the Manager. Clayton Utz has not authorised or caused the issue of this PDS and does not make or purport to make any statement in this PDS other than this consent.

PricewaterhouseCoopers Securities Ltd has given and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to the inclusion in this PDS of its Investigating Accountant's Report in the form and context in which it is included in Section 7 and to be named in this PDS as the Investigating Accountant.

CB Richard Ellis has given and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to the inclusion in this PDS of its Valuation Report in the form and context in which it is included in Section 8 and to be named in this PDS as the independent valuer.

Macquarie Equity Capital Markets Limited has given and has not, before lodgement of this PDS with ASIC, withdrawn its consent to be named as Sole Bookrunner and Joint Lead Manager and Underwriter to the Offer.

Citigroup Global Markets Australia Pty Limited has given and has not, before lodgement of the PDS with ASIC, withdrawn its consent to be named as Joint Lead Manager and Underwriter to the Offer.

Merrill Lynch International (Australia) Limited has given and has not, before lodgement of the PDS with ASIC, withdrawn its consent to be named as Joint Lead Manager and Underwriter to the Offer.

There are a number of references in this PDS to third parties. Except as noted above, no statement is made by or on behalf of such third parties or is based on statements made by or on behalf of such third parties.

References are made in this PDS to material that is attributed to various sources. These references are based on statements already published in public documents or a book, journal or comparable publication. Those organisations did not prepare those materials specifically for this PDS and have had no involvement in the preparation of any part of this PDS.

11.9 Disclosure of interests

Except as disclosed in this PDS:

- none of the directors of the Manager has or has had any interest in the promotion of the Trust or any property proposed to be acquired for the purposes of the Trust save for the Directors' fees and entitlements they are entitled to receive from the Manager, and the interest held either directly or indirectly in Units by the following directors of the Manager. These Directors will be entitled to participate in the Offer on the same basis as the other Unitholders:

David Clarke	156,643
Mark Baillie	100,000
John Harkness	–
Maurice Koop	–
Alan Rattray-Wood	17,485
Stephen Girdis	–
Simon Jones	28,824

- the Manager has not had any interest in the promotion of the Trust or any property proposed to be acquired for the purposes of the Trust, other than the fees (including performance fees) it is entitled to receive as the Manager in accordance with the terms of the Constitution.

11.10 Related dealings and related party transactions

Subject to any statute or rule of law, nothing in the Constitution prevents the Manager or its Directors or any entity connected with it from entering into transactions with the Trust. The Manager and its Directors shall, in connection with any such transaction, act in a fiduciary relationship of utmost good faith to all Unitholders. In addition, in accordance with ASIC policy and the Corporations Act, the Manager has a policy regarding the management of conflicts of interest.

11.11 No certificates, ASX and the Registry

The New Units will be traded on ASX and accordingly will be issued in uncertified form and no certificates will be issued. The New Units will be noted in the Register maintained by the Registry. On issue of the New Units, Applicants will be provided with a holding statement setting out the number of New Units issued to (or subsequently transferred to or by) each Unitholder. A holding statement will be provided to Unitholders on a monthly basis whenever there is change in the holding.

11.12 Complaints

All complaints relating to the Trust will be governed by the procedures which apply to all property trusts and responsible entities managed within the Property Investment Management division of the Macquarie Bank Group.

Staff receiving verbal complaints will attempt to settle them immediately to the satisfaction of the complainant or will involve another staff member who can resolve the complaint. Verbal complaints which cannot be resolved in a timely manner as well as all written complaints will be referred to the complaints officer.

Where a complaint remains unresolved (eg where a remedy is not offered or not instigated or where a remedy offered is not accepted by the complainant), the complaint may fall within the terms of reference of the Manager's external complaints scheme, the Financial Industry Complaints Service (FICS). Complainants in this category will be sent details of how to contact FICS, an independent external complaints handling body approved for this purpose by ASIC.

Where a complainant has referred a complaint to FICS, the complaints officer shall comply with the procedures set out in the FICS Rules, as amended from time to time. Once referred and once relevant time periods to settle the complaint have expired, FICS will work with the complainant and the Manager to seek a mutually acceptable resolution of the complaint.

To contact FICS, Unitholders should telephone their offices on 1300 780 808 or write to them at PO Box 579 Collins Street West, Melbourne VIC 8007.

11.13 Corporate governance policies

The Manager has adopted an overall corporate governance framework. The Trust's 2003 and 2004 annual reports outlined, in detail, this framework and the Trust's response to ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" (ASX Principles) and the Macquarie Bank Group Corporate Governance Policy.

Set out below is a brief statement of certain corporate governance practices that the Manager has in place as a result of being part of the Macquarie Bank Group.

11.13.1 Appointment to the board

The Manager has adopted the general Macquarie Bank Group corporate governance principles (Macquarie Policy) in relation to the corporate governance of the Trust. A key requirement of the Macquarie Policy is the requirement to have a majority of independent directors. The Macquarie Policy sets out the following requirements regarding board membership:

- new appointments to the board must be nominated by Macquarie Bank Limited and require approval of the full board of the manager;
- independent directors are to comprise a majority of the board;
- the board is to be comprised of directors with an appropriate range of qualifications and expertise;
- directors can be removed by the manager's ultimate shareholder, Macquarie Bank Limited, in its absolute discretion at any time; and
- the chairman of the board is to be a Macquarie Bank Group executive. The chairman must be nominated by Macquarie Bank Limited and requires the approval of the full board of the manager.

To ensure the board has the benefit of regular new input and to avoid the potential for loss of objectivity over time, all directors will retire after a maximum of 12 years service, commencing from 2003.

11.13.2 Independent directors

In determining the status of a director, the board has adopted the standards of independence required by the Macquarie Policy.

The Board Charter provides that all independent directors will meet at least once per year in the absence of management and at other times as they determine.

11.13.3 Appointment criteria

The following guidelines have been adopted by Macquarie Bank Limited and the board to apply to director nominations:

Candidates for director must possess:

- integrity;
- particular expertise (sector and functional) and complement the skill set of the existing Board;
- reputation and standing in the market; and
- in the case of prospective independent directors, independence (as prescribed by the Macquarie Policy) from the Macquarie Bank Group.

All director nominations are made by Macquarie Bank Limited. A Nominations Committee as recommended in ASX Principles has not been established.

11.13.4 Chairman

David Clarke, the Executive Chairman of Macquarie Bank Limited, has been appointed as the Executive Chairman of the Manager. This represents a departure from ASX Principles.

The executive chairman does not exercise the role of Chief Executive Officer. That role is performed by Kylie Rampa.

11.14 The Trust's structure

11.14.1 Related party transactions

The Macquarie Bank Group employs over 6,250 staff and as part of its existing business is able to offer various resources in areas where the Trust will be seeking professional support.

These resources will be provided on an arm's length basis at normal commercial rates.

Examples of areas in which the Macquarie Bank Group may provide such resources are equity underwriting, property due diligence, property management, property agency including facility management and leasing, project management, accounting, print design, and corporate advisory and development advisory.

In the course of normal activity, the Macquarie Bank Group, as principal, financier or adviser may have a financial interest in properties acquired by the Trust. The Macquarie Bank Group may also provide interest rate management and cash management products to the Trust.

All amounts payable to related parties of the Manager are subject to the approval of the independent directors.

11.14.2 Conflict resolutions

In order to resolve any conflicts which may arise out of the above arrangements, the following procedures have been put in place.

No transactions will be entered into by the Manager with a member of the Macquarie Bank Group, or where the Macquarie Bank Group has an interest (other than its role as manager), unless that transaction has been approved by a majority of the independent directors. The Macquarie Bank Group executives who are directors do not vote on these resolutions. In this context, "transactions" is given a very wide meaning and includes all approvals, consents, waivers and agreements required.

Any decision to make a claim against any member of the Macquarie Bank Group is to be determined by the independent directors only. In addition to these mechanisms:

- the directors of the Manager are under a fiduciary duty to the Trust to act in the Trust's best interests in relation to decisions affecting the Trust when they are voting as a member of the Board; and

- Listing Rules require the Trust Unitholder approval in relation to asset purchases by the Trust from interests associated with the Manager which represent more than 5% of the trust Unitholders' equity at the last balance date.

The directors and executive staff of the Manager are expected to act with integrity and honesty at all times. The executive directors and the executive staff of the Manager are employees of the Macquarie Bank Group and have adopted the code of ethics prescribed by the Macquarie Bank Group.

11.15 Legal proceedings

So far as the Manager is aware, there is no current or threatened civil litigation, arbitration, proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which the Trust is directly or indirectly concerned, which is likely to have a material adverse impact on the business or financial position of the Trust after the Acquisition.

11.16 Privacy

The Entitlement and Acceptance Form accompanying this PDS requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth) as amended. The Manager (and the Registry on its behalf) collects, holds and uses that personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, and administer the Trust.

The information may also be used from time to time to inform you about other Macquarie Bank Group products or services which the Manager considers may be of interest to you. Access to information may also be provided to other Macquarie Bank Group companies and to the Manager's agents and service providers on the basis that they deal with such information in accordance with the Macquarie Bank Group's privacy policy.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Registry will not be able to process your Application for New Units or administer your holding of New Units appropriately.

Under the Privacy Act 1988 (Cth), as amended, you may request access to your personal information held by (or on behalf of) the Manager. You can request access to your personal information by writing to or telephoning the Registry as follows:

ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000

Telephone: 1300 303 063 (local call cost).

The Manager has adopted the Macquarie Bank Group privacy policy. You can obtain a copy of that policy by visiting the Macquarie Bank Group website at www.macquarie.com.au/au/privacy_policy.htm.

Glossary

A$ or $	Australian dollars
A$m or $m	Australian dollars in millions
Acquired Entities	The entities which own the First Washington Portfolio
Acquisition	The acquisitions of the Trust's indirect interests in the New Properties
Acquisition Contracts	The contracts in relation to the acquisition of the interests in the New Properties and includes the Purchase and Sale Agreement
Acquisition Costs	Statutory charges, debt break costs, legal and other costs payable on the acquisition of the New Properties
AGAAP	Australian generally accepted accounting principles
Allotment	Allotment of New Units
Applicant	A persons who submits a valid Entitlement and Acceptance Form pursuant to this PDS
Application	An application to subscribe for New Units under this PDS
Application Monies	Monies received from Applicants in respect of their Applications
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532)
ASTC Settlement Rules	The settlement rules of ASTC
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691)
Australian Accounting Standards	Accounting standards adopted by the Australian Accounting Standards Board
Balance Sheet Gearing Ratio	The Trust's debt as a percentage of the Trust's total assets
Bear Creek	Bear Creek Village Center (located in California)
Bookbuild Price	The subscription price achieved for New Units issued in respect of Unexercised Rights in the Institutional Rights Bookbuild and the Retail Rights Bookbuild (as the case requires)
Branch Acquisition	The acquisition of a portfolio of 23 properties (Papermill Plaza was not purchased because of due diligence issues) purchased from Branch Capital Partners and a further two properties (Hilltop Village and Centerplace of Greeley) from Regency
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 ASX is conducting trading in Sydney and Melbourne
CalPERS	California Public Employees' Retirement System
Capital Raising	The Placement, the DRP and the Rights Offer
CB Richard Ellis	CB Richard Ellis, Inc
CGT	Capital gains tax per Parts 3.1 and 3.3 of the Income Tax Assessment Act 1997 (Cth)
Citigroup	Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832), being a Joint Lead Manager and Underwriter
Closing Date	The date after which no further Applications for New Units will be accepted. It is expected that this date will be 5.00pm (Sydney time) on Friday, 11 March 2005 (subject to variation)
Completion	Physical settlement of the First Washington Portfolio, which is expected to occur 30 to 60 days after execution of the Purchase and Sale Agreement described in Section 11.6.2
Consolidated Gearing Ratio	The Trust's share of consolidated debt less cash as a percentage of the Trust's interest in consolidated total assets

Constitution	The constitution of the Trust, as amended
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time
Deposit	A deposit of approximately US$712 million paid in accordance with the Purchase and Sale Agreement, described in Section 11.6.2, on the Deposit Date, which earns interest at a rate of 6.1% per annum until Completion except that if the Completion does not occur within 90 days after the Deposit Date, the interest rate decreases by 1% per 30 days thereafter
Deposit Date	The date that the Trust pays the Deposit, on or around 11 March 2005
Directors	The directors of the Manager
DRP	The distribution reinvestment plan of the Trust
DvP	Delivery versus payment in accordance with the ASTC Settlement Rules
Eligible Institutional Unitholders	Any Institutional Unitholder which received an Institutional Rights Offer (whether or not it accepted that offer), or a nominee for such an Institutional Unitholder, in respect of New Units for such Institutional Unitholder
Eligible Institutional Investors	Institutional Investors in Australia or New Zealand and other jurisdictions selected by the Manager in consultation with the Underwriters, being persons to whom offers and invitations in relation to New Units in their jurisdiction of residence can be made without the need for any filing, registration or other formality (other than those with which the Manager is willing to comply)
Eligible Retail Unitholders	Eligible Unitholders who are not Eligible Institutional Unitholders
Eligible Unitholders	Unitholders at 5.00pm (Sydney time) on the Record Date with registered addresses in Australia or New Zealand
Entitlement and Acceptance Form	Personalised entitlement and acceptance form accompanying this PDS or some other form approved by the Manager
Existing Properties	The properties already indirectly held by the Trust
Existing Units	The existing Units on issue in the Trust at the date of this PDS
FICS	Financial Industry Complaints Service Limited
Final Allotment	The allotment of New Units to Eligible Unitholders who apply for New Units under the Rights Offer later than 5.00pm Thursday, 3 March 2005 but before 5.00pm Friday, 11 March 2005 (subject to variation)
Final Allotment Date	The date of the Final Allotment which is expected to be on Wednesday, 23 March 2005 (subject to variation)
Financial Information	The financial information relating to the affairs of the Trust set out in Section 6
First Washington	First Washington Investment I, LLC
First Washington Portfolio	The portfolio of entities owning interests in 101 properties acquired from First Washington and CalPERS joint venture
Forecasts	The financial forecasts set out in Section 6
Forecast Period	The period from 1 January 2005 to 30 June 2006
GLA	Gross lettable area
GST	Goods and services tax
Heritage Plaza	Heritage Plaza (located in Illinois)
Holding	In relation to a Unitholder, the Units registered in the name of the Unitholder. Holder has a corresponding meaning
IFRS	International Financial Reporting Standards

Index	Retail Property Trust Accumulation Index
Initial Allotment	The first allotment of New Units following the Institutional Rights Offer and Institutional Rights Bookbuild, expected to occur on Friday, 11 March 2005 (subject to variation)
Initial Allotment Date	The date of the Initial Allotment, which is expected to be Friday, 11 March 2005 (subject to variation)
Ineligible Unitholders	Unitholders as at the Record Date whose registered address is outside Australia or New Zealand
Institutional Investor	A wholesale client within the meaning of section 761G of the Corporations Act
Institutional Rights Bookbuild	The bookbuild of Rights not taken up by Eligible Institutional Unitholders in the Institutional Rights Offer or attributable to other Institutional Unitholders who are ineligible to participate in the Rights Offer. The Institutional Rights Bookbuild is expected to occur on Thursday, 17 February 2005 (subject to variation)
Institutional Rights Offer	The offer of New Units to Eligible Institutional Unitholders in a proportion of 6 New Units for every 11 Units held on the Record Date, subject to Sections 2.4, 2.5 and 11.5
Institutional Unitholder	Certain Eligible Institutional Investors who, to the Manager's knowledge, hold Units either directly or through nominees
Investigating Accountant	PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617)
Issue Costs	Costs and expenses incurred by the Manager in relation to the Capital Raising
Issue Price	For the purpose of the Rights Offer, the sum of $1.85 for each New Unit
Joint Lead Managers and Underwriters	MECM, Citigroup and Merrill Lynch
Listing Rules	The official listing rules of ASX
LLC	Limited Liability Company incorporated in the US
Macquarie Bank	Macquarie Bank Limited (ABN 46 008 583 542)
Macquarie Bank Group	Macquarie Bank Limited and all of its subsidiaries
Macquarie CountryWide Management Limited or MCML	Macquarie CountryWide Management Limited (ABN 46 069 709 468) also referred to as the Manager in this PDS
Macquarie CountryWide Trust or Trust	The trust constituted under the Constitution and known as the Macquarie CountryWide Trust (ARSN 093 143 965)
Macquarie Equity Capital Markets Limited or MECM	Macquarie Equity Capital Markets Limited (ABN 60 001 374 572), being the Sole Bookrunner and Joint Lead Manager and Underwriter
Manager	Macquarie CountryWide Management Limited as responsible entity for the Trust
MCWR	Macquarie CountryWide-Regency II, LLC, a US LLC to be established to be the holding entity of the First Washington Portfolio
Membership Interests	The Sellers' interests in the Acquired Entities
Merrill Lynch	Merrill Lynch International (Australia) Limited (ABN 31 002 892 846), being a Joint Lead Manager and Underwriter
MIML	Macquarie Investment Management Limited (ABN 66 002 867 003)
MSA	Metropolitan Statistical Area, as defined by the US Census Bureau
Net Operating Income	The amount of income currently derived from a property, less normal property outgoings
New Properties	The First Washington Portfolio, Bear Creek and Heritage Plaza
New REIT	A newly formed US REIT which will own the Trust's share of the First Washington Portfolio

Net Rental Income	Gross property rental, recovery of outgoings and sundry property income less direct property related expenses (including bad debts but excluding amortisation)
New Units	The New Units to be issued pursuant to this PDS
NTA	Net tangible assets
NZ$	New Zealand dollars
Offer	The offer of New Units pursuant to this PDS
Placement	A placement of approximately 68 million New Units, based on the Institutional Rights Bookbuild price clearing at the Theoretical Ex-Rights Price ($2.02). The final number of New Units will be calculated at a price to be determined under the Institutional Rights Bookbuild
Product Disclosure Statement or PDS	This product disclosure statement
Properties	The Existing Properties and the New Properties
Purchase and Sale Agreement	The contract in relation to the Acquisition of the First Washington Portfolio (summarised in Section 11.6.2)
Purchase Price	US$2,788.6 million, as adjusted in accordance with the Acquisition Contracts
Record Date	The date for entitlement under the Rights Offer, being 5.00pm (Sydney time) on Monday, 21 February 2005
Regency	Regency Centers Corporation, Regency Centers, LP and in some circumstances, certain of its affiliates
Regency Joint Venture(s)	The limited liability companies owned by Regency and indirectly by the Trust
Register	The register of persons who hold Units and includes 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 Holder or another person
Registry	ASX Perpetual Registrars Limited (ABN 54 083 214 537)
REIT	Real Estate Investment Trust
Retail Rights Bookbuild	The bookbuild of Rights not taken up by Eligible Retail Unitholders in the Retail Rights Offer and attributable to other Retail Unitholders who are ineligible to participate in the Rights Offer, expected to occur on Thursday, 17 March 2005 (subject to variation)
Retail Rights Offer	The offer of New Units to Eligible Retail Unitholders in a proportion of 6 New Units for every 11 Units held on the Record Date, subject to Sections 2.5 and 11.5.2
Retail Rights Offer Period	The period in which the Retail Rights Offer is open for acceptance of Applications
Rights	Right to subscribe for 6 New Units for every 11 Units held on the Record Date, subject to Sections 2.5 and 11.5.2
Rights Entitlement	The number of New Units to which an Eligible Unitholder is entitled on the basis of 6 New Units for every 11 Units held on the Record Date, subject to Sections 2.5 and 11.5.2
Rights Holder	The registered holder of a Unit entitled to a Right
Rights Offer	The Institutional Rights Offer, the Retail Rights Offer, the Institutional Rights Bookbuild and the Retail Rights Bookbuild
Section	Refers to a section in this PDS
Sellers	First Washington and CalPERS
Shadow Anchor	Major retail tenant occupying land that adjoins a Property but is not owned wholly or partly by the Regency Joint Venture

Sq ft	Square feet
Sqm	Square metres
Sole Bookrunner and Joint Lead Manager and Underwriter	Macquarie Equity Capital Markets Limited (ABN 60 001 374 572)
Theoretical Ex-Rights Price	The price as determined in accordance with Section 2.17, which is $2.024
Trust	The trust known as the Macquarie CountryWide Trust (ARSN 093 143 965) constituted under the Constitution
Underwriters	MECM, Citigroup and Merrill Lynch
Underwriting Agreement	The agreement between the Manager and the Underwriters dated on or about 15 February 2005 under which the Underwriters have agreed to underwrite the Rights Offer
Unexercised Rights	Rights not accepted in accordance with the offer contained in this PDS
Unitholder	The person for the time being registered under the provisions of the Constitution as the holder of a Unit in the Trust and includes persons jointly registered
Unit(s)	Ordinary unit(s) in the Trust
US	United States of America
US$	US dollars
US Manager	A newly established LLC, Macquarie-Regency Management, LLC which will provide asset management services to MCWR in respect of the First Washington Portfolio
US REITs	Two 99.9% owned REITs domiciled in the US having direct or indirect interests in the Regency Joint Ventures
US Securities Act	US Securities Act of 1933, as amended
Valuation Report	The valuation report of CB Richard Ellis of the New Properties set out in Section 8

Corporate directory

Manager of the Trust

Macquarie CountryWide Management Limited
ABN 46 069 709 468
AFS Licence No. 246 996

Registered Office

Level 15
No. 1 Martin Place
Sydney NSW 2000

Directors of the Manager

Mr David Clarke, AO (Chairman)
Mr Mark Baillie
Mr John Harkness
Mr Maurice Koop
Mr Alan Rattray-Wood
Mr Stephen Girdis – Alternate for David Clarke
Mr Simon Jones – Alternate for Mark Baillie

Chief Executive Officer

Ms Kylie Rampa

Company Secretaries

Mr Dennis Leong
Mr John Wright

Sole Bookrunner and Joint Lead Manager and Underwriter

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

Joint Lead Manager and Underwriter

Citigroup Global Markets Australia Pty Limited
Level 40
2 Park Street
Sydney NSW 2000

Joint Lead Manager and Underwriter

Merrill Lynch International (Australia) Limited
Level 49
19-29 Martin Place
Sydney NSW 2000

Solicitors to the Manager

Clayton Utz
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Sydney NSW 2000

Investigating Accountant

PricewaterhouseCoopers Securities Ltd
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Registry

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