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Dear Investor

**MacarthurCook Property Securities Fund**

MacarthurCook Fund Management Limited, as responsible entity of the MacarthurCook Property Securities Fund (“Fund”), is pleased to enclose your distribution advice for the quarter ended 31 December 2006.

**Investment Performance**

The distribution is 2.375 cents per unit for the quarter, with the Fund performing as forecast.

The distribution will be payable to all Australian resident investors on the register at the record date of 3 January 2007. We are also pleased to advise that investors who have elected to use the Distribution Reinvestment Plan will be allocated units under the Plan at a price of \$1.0825, a 2.5% discount to the average of the volume weighted average market price of units on the ASX for the 10 business days commencing on the ex-distribution date at 27 December 2006.

If you are not currently a participant in the Fund’s Distribution Reinvestment Plan, we have enclosed a form and a prepaid envelope to enable you to participate in future.

**Listing on the Singapore Stock Exchange**

The major news from the December quarter was the much anticipated listing on the Singapore Stock Exchange. The initial public offer (“IPO”) was successfully completed on 21 December 2006 with 22 million new units issued in Singapore by way of placement at S\$1.25 per new unit to institutional investors. The IPO has attracted interest from fund managers and long-term investors, including Lion Capital Management Ltd.

We believe that this development is a positive one for the Fund and its unitholders. As advised previously, this secondary listing may deliver benefits including:

- Enabling the Fund to take advantage of the lower cost of capital in Singapore compared with Australia;
- Reducing the risk profile of the Fund by broadening its portfolio and reducing its debt facility; and,
- Allowing the Fund to further improve its diversity and expanding its international reach.

**Portfolio Statistics**

The Fund’s portfolio of listed property trusts, unlisted property trusts, cash and fixed income securities, at 31 December 2006, is as follows:

***Geographic Allocation***

New South Wales	27%
Victoria	22%
Queensland	18%
Australian Capital Territory	4%
Western Australia	5%
South Australia	4%
Tasmania	2%
United States	13%
New Zealand	1%
Other	4%

### **Sector Allocation**

Office	42%
Retail	27%
Industrial	15%
Childcare	5%
Healthcare	4%
Hotel	4%
Residential	1%
Other	2%

### **Top 10 Holdings**

PFA Diversified Property Trust	7.7%
MacarthurCook Industrial Property Trust	7.3%
Investa Diversified Office Trust	6.4%
MacarthurCook Office Property Trust	6.2%
Cromwell Diversified Property Trust	5.6%
SAITeysMcMahon Childcare Property Fund	5.0%
MAB Diversified Property Trust	4.2%
Lend Lease APPF Retail	3.5%
Macquarie Direct Property Fund No. 11 – East Coast Portfolio	3.5%
SAITeysMcMahon Commercial Office Fund	3.3%

### **Market Commentary**

The retail sector has witnessed a significant level of investment activity over the past six months. This combined with low vacancy rates and firming yields across the majority of the sectors indicates that retail property has remained strong despite some adverse economic indicators.

Industrial property should continue to remain relatively buoyant, especially in precincts surrounding major infrastructure. The appetite for industrial property in 2006 resulted in record market transactions totalling approximately A\$1.15 billion, compared to A\$522 million last year. It is anticipated that the compression of yields will continue in the short term, although the rate of compression may be slowed if interest rates continue to rise.

The much anticipated rise in industrial rental rates has begun on the back of exceptional increases in land values, particularly in the Brisbane and Perth markets, driven by strong local economies. Increases in prime industrial rents in the Brisbane markets were in the range of between 8.0% and 16.0% for the year ending September 2006 according to research data provided by Jones Lang LaSalle Real Estate Intelligence Service. For the same period, growth in rental rates in the Melbourne and Sydney markets were generally within the range of 3.0% to 5.0%.

The office market should continue to perform well over the medium-term, despite little of the sector's strength flowing through to the bottom-line in the short-term. In particular, Perth and Brisbane continue to display strong growth over the short-to-medium-term, with record-low vacancies and supply at least another three years away. The Sydney CBD is displaying more attractive long-term fundamentals, suggesting we are on the cusp of significantly improved fortunes for the precinct.

Due to the ongoing strong institutional interest in quality office stock in Adelaide, over the last 12 months, yields have also tightened. Several major buildings within the Adelaide CBD have been put to the market and sold quickly. The Canberra office market has experienced its lowest vacancy rate for many years although it did increase slightly over recent months. New supply to the overall market over the next 18 to 24 months is likely to see a turn around in the vacancy rate which should start increasing in late 2007 and should increase significantly in 2008.

**Further Information**

If you have any questions about your distribution or your investment, please telephone Computershare Investor Services on 1300 850 505.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A Greig', written in a cursive style.

**Anthony Greig**

Fund Manager

MacarthurCook Property Securities Fund

MacarthurCook Fund Management Limited