

Macquarie CountryWide Management Limited

ABN 46 069 709 468

A member of the Macquarie Group

Manager of Macquarie CountryWide Trust

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24 March 2009



Dear Unitholder,

Please find enclosed a copy of the Macquarie CountryWide Trust half year update as at 31 December 2008.

The half year update is usually mailed only to those unitholders who have opted to receive it. However, in light of the unprecedented period of market volatility we feel it is appropriate to send it to all unitholders to ensure you are up to date with the Trust's activities.

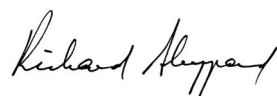
Since late 2008 there has been a significant decline in the performance of the global economy. Governments and central banking systems continue to announce measures designed to stabilise the market. However, volatile conditions continue to affect all sectors, particularly the Australian Real Estate Investment Trust (REIT) sector.

Unit prices across the Australian REIT sector have declined significantly, including that of Macquarie CountryWide. We recognise that the Trust's unit price has been disappointing and that this is causing great concern for unitholders.

The enclosed half year update sets out information about how our assets are performing, the financial situation of the Trust and the measures which are currently being undertaken to address the situation with the aim of restoring value for unitholders.

We have also included frequently asked questions and answers on the back of this letter, which feature some of the most common questions we have received from unitholders. We hope you find this information useful.

Yours faithfully



Richard Sheppard
Chairman

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

Frequently asked questions

1. Why has the unit price continued to decline?

The global economic downturn has resulted in an unprecedented period of market volatility and negative performance across global equity, debt and real estate markets.

Challenging credit market conditions and the impact of falling real estate values have increased concerns about debt and gearing levels in the Australian Real Estate Investment Trust (REIT) sector. As a result, a significant amount of capital has been raised in the sector over the past six months, and some Australian REITs have had to reduce or suspend distributions in an effort to strengthen their balance sheets.

As a result, confidence in the sector has been negatively impacted and unit prices of Australian REITs, including Macquarie CountryWide Trust, have significantly declined.

The sharpest falls have been recorded by Australian REITs with exposure to weaker offshore markets like the US and those with high levels of debt. Furthermore, the market is concerned about refinancing risks and the steps that certain Australian REITs may need to take to meet obligations.

2. What is management doing to restore the unit price?

Management is responding to this challenging market by undertaking debt and capital management initiatives, focusing on:

- reducing debt levels through asset sales;
- covenant renegotiation and early refinancing of near-term debt expiry;
- deferral of non-essential developments; and
- more prudent distribution payouts.

Management are committed to the Trust's core investment strategy of owning high quality properties occupied by a diverse range of tenants in good geographic locations. Our asset management strategies emphasise actively managing tenant relationships in order to maintain our existing tenant base and attract quality tenants.

3. Please explain the change in distribution policy and why this was undertaken?

Given the deterioration in capital market and debt market conditions, together with the negative outlook for general consumer confidence and how that will translate into the retail sector, Macquarie CountryWide Trust has refined its distribution payout ratio policy.

The new distribution policy ensures that:

- core earnings are transparent;
- distributions are sustainable over the medium to long term and reflect core property earnings;
- maintenance capital expenditure for the portfolio is funded from operating cash flows, meaning distributions will be paid after core ongoing capital maintenance needs have been met; and
- further capital is preserved on the balance sheet and used to retire debt.

4. If tenants are still paying rent – why are you reducing distributions?

Liquidity in credit markets has been severely affected during the current global financial crisis, jeopardising the ability of the Trust to easily refinance maturing debt obligations. Whilst the Trust's quality portfolio continues to generate stable rental income, in December 2008 the Trust took the prudent step of reducing the payout ratio to increase the Trust's liquidity to assist in managing these risks.

5. Will the Macquarie CountryWide receive a performance fee this year?

The Trust is only charged a performance fee when under the terms of its constitution the Trust's performance during a six month period is higher than the benchmark performance. Any underperformance in prior periods must be earned back before a performance fee becomes due. It is not expected that any performance fees will be paid in this financial year.

6. How are the management fees for the Macquarie CountryWide calculated?

Trust Management receives a base management fee under the terms of the Trust's constitution for managing the operations of the Trust on behalf of unitholders. This fee is calculated on a percentage of the value of the Trust's total assets in line with the practice adopted by our industry peers.

MACQUARIE COUNTRYWIDE TRUST

ARSN 093 143 965

HALF YEAR UPDATE 31 DECEMBER 2008



The global economic downturn has resulted in an unprecedented period of market volatility and negative performance across global equity markets.

Challenging credit market conditions and the impact of falling real estate values have increased concerns about debt and gearing levels in the Australian Real Estate Investment Trust (REIT) sector. As a result, a significant amount of capital has been raised in the sector over the past six months, and many Australian REITs have reduced distributions in an effort to strengthen their balance sheets.

Consequently, confidence in the sector has been negatively impacted and unit prices of Australian REITs, including Macquarie CountryWide, have declined significantly. We believe that market sentiment, rather than property fundamentals, are driving prices in the sector.

Although we have substantial headroom in our debt covenants the market appears to have discounted the Trust's unit price due to concerns with the overall level of debt and the current risks of refinancing debt in difficult capital markets.

We believe there is a disconnect between the current Macquarie CountryWide unit price and the underlying value of the Trust's portfolio, which is underpinned by stable rental cashflows from quality grocery-anchor tenants and predominantly national and non-discretionary specialty stores within its global portfolio.

We are committed to implementing strategies designed to bridge the gap between the current unit price and underlying portfolio value by realising assets with a focus on reducing our offshore exposure.

Results

For the six months to 31 December 2008, the Trust's statutory accounting result was a net loss of \$714.1 million. This loss was predominantly due to movements in fair value of investment properties and financial instruments, offset by the reversal of deferred tax expenses.

Excluding these fair value movements and other non-cash items, the Trust's net property income was \$188.6⁽¹⁾ million, an increase of 10.4% on the prior corresponding period and core earnings were \$90.7 million, up 6.6% on the prior corresponding period.

Portfolio fundamentals demonstrate resilience

Despite challenging market conditions the Trust's properties have continued to record solid underlying performance, with global portfolio occupancy at 96.3% and positive rental rate growth of 6.8%, after more than 430 leasing transactions during the six months to 31 December 2008.

In Australia and New Zealand, continued strong sales performance of the grocery-anchor tenants and the quality of the portfolio resulted in 98.9% occupancy at 31 December 2008. In addition, the Trust achieved 11.8% rental growth for specialty tenants and same store property net operating income growth of 2.1%.

In the US, the Trust's portfolio delivered same store property net operating income growth during the period of 1.0% and occupancy of 95.1%. The weighted average anchor lease expiry is currently 8.9 years. Average rental growth of 6.3% was achieved from 338 leasing transactions during the period.

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

Our focus remains on an active portfolio and asset management strategy. We are continuing to monitor market conditions and, in particular, are working closely with tenants to sustain occupancy levels at all properties across the portfolio.

Asset valuations

Valuations for commercial real estate have continued to come under pressure, with valuers adopting more conservative assumptions in light of changes in the economic and real estate landscape over the past six months.

The Trust undertook valuations across all 258 properties in its portfolio, with 167 independently valued. This resulted in a \$600.8 million or 10.0% decrease to the overall book value, and a 7.5% weighted average capitalisation rate across all assets at 31 December 2008.

Asset sales

Property sales for the half year totalled \$127.1 million, comprising eight shopping centres and freestanding supermarkets in Australia (one property, Launceston completed post balance date). The proceeds will be used to strengthen the balance sheet and reduce gearing. The properties were sold at a weighted average initial yield of 7.4% and a 7.9% gain on historical cost but a loss on book value.

In late January 2009, the Trust entered into contracts with Inland Real Estate Acquisitions Inc., for the sale of the equity and debt interests in a portfolio of US shopping centre assets. The disposal of seven properties in the first phase of the transaction has settled and due diligence for phase two has been largely completed for 15 properties.

⁽¹⁾ Excludes straightlining of rental income and amortisation of lease incentives.

RESULTS

The contract for phase two remains conditional on receiving lender consent for the assumption of various individual property level loans. All net proceeds from the sale will be used to reduce debt and position the Trust to meet its refinancing obligations in the second half of 2009.

Capital management

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

During the period, management successfully renegotiated terms on the Trust's Multi-Currency Facility. The key terms delivered include: extending the term to February 2012, confirming the limit at \$250 million and reducing the head trust covenant (the tangible net worth limit) from \$1.8 billion to \$1.5 billion. With actual net assets of \$2.05 billion, a substantial buffer currently exists.

Distributions

Given deteriorating capital and debt market conditions, together with the outlook for general consumer confidence and how that is expected to translate into the retail sector, the Trust has revised its distribution guidance in order to preserve capital on the balance sheet. The \$68 million cash retained as a result of these measures will be used to retire debt and assist with future refinancing transactions.

A distribution of four cents per unit was delivered for the half year ended 31 December 2008. On a static portfolio basis and barring any unforeseen events we expect to distribute eight cents per unit for the financial year ending 30 June 2009.

Net property income of \$188.6⁽¹⁾ million up 10.4% on the prior corresponding period

Core earnings of \$90.7 million up 6.6% on the prior corresponding period

Distribution of four cents per unit for the half year ended 31 December 2008

Net tangible assets at \$1.48 per unit down from \$1.79 per unit as at 30 June 2008

Seven asset sales, with a value of \$120.5 million completed and a further \$427.6 million assets sold or contracted post balance date – all proceeds will be used to repay debt

Trust interest cover ratio is 2.3 times

⁽¹⁾ Excludes straightlining of rental income and amortisation of lease incentives.

Outlook

We expect the global operating environment to remain challenging in 2009. Management's core focus is on sustaining the performance of the property portfolio, strengthening the Trust's balance sheet and proactively refinancing debt in all markets.

We are committed to restoring investor confidence and value by:

- seeking asset or entity level disposals across all markets, using proceeds to retire debt and de-leverage the Trust's balance sheet;

- taking decisive action to mitigate refinancing risk in the near to medium term;
- maintaining strong cashflow results from the Trust's portfolio of properties, sustaining occupancy as well as positive rental rate and net operating income growth; and
- rebalancing the Trust's geographic weighting towards its quality Australian portfolio by undertaking transactions to reduce exposure to offshore markets.



Steven Sewell
Chief Executive Officer

KEY TRUST DATA

	Half year ended 31 December 2008
Operational	
Number of properties	258
Average capitalisation rate	7.5%
Occupancy	96.3%
Same store net operating income growth	1.4%
Financial	
Core earnings	\$90.7m
Core earnings per unit	6.59 cents
Distribution per unit	4.00 cents
As at 31 December 2008	
Total assets (look-through)	\$5,647.4m
Net assets	\$2,046.2m
Interest cover ratio	2.3x
Net tangible assets per unit (including deferred tax liabilities)	\$1.48
Units on issue	1,386,081,547

All figures in Australian dollars unless otherwise specified.

To access information on your holding or to update/change your details contact:

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Macquarie CountryWide Trust

ARSN 093 143 965

This is the half year update for Macquarie CountryWide Trust ARSN 093 143 965.

This information has been prepared by Macquarie CountryWide Management Limited ABN 46 069 709 468 (**Manager, we, our, us**), a wholly owned subsidiary of Macquarie Group Limited ABN 94 122 169 279 (**Macquarie Group**) and the responsible entity of Macquarie CountryWide Trust (**Macquarie CountryWide or Trust**) for general information purposes only, without taking into account any potential investors' personal objectives, financial situation or needs. Before investing, you should consider your own objectives, financial situation and needs or you should obtain financial, legal and/or taxation advice.

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

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of the Manager. Actual results may vary from any forecasts and any variation may be materially positive or negative.

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