

APPENDIX 4E

Preliminary Final Report for the year ended 30 June 2008

Name of Entity: Macquarie CountryWide Trust

Results for announcement to the market

		\$'m
Revenues from ordinary activities	down 75.62% to	150.7
Profit from ordinary activities after tax attributable to members	down 79.65% to	100.4
Profit for the year attributable to members	down 79.65% to	100.4
Distributions	Amount per unit	Tax deferred amount per unit
<i>Current year:</i>		
Final distribution	7.20¢	
Interim distribution	7.80¢	
Total	15.00¢	6.38¢
<i>Previous corresponding year:</i>		
Final distribution	7.80¢	
Interim distribution	7.80¢	
Total	15.60¢	5.12¢
Record date for determining entitlements to the distribution	30 June 2008	

Refer to the attached Balance Sheets, Income Statements and Cash Flow Statements for further detail.

27 August 2008

Results for announcement to the market (continued)

Revenue from ordinary activities decreased by 75.62% during 2008 primarily due to the following factors:

- A \$35.1 million increase in net property income generated mainly by the newly acquired properties in Germany and Poland;
- A \$246.1 million reduction in the Trust's share of profits and valuation gains from US joint venture entities caused by:
 - Property revaluation writedowns of \$135.2 million (2007: increment of \$79.1 million) due to a softening in cap rates;
 - \$13.1 million losses on disposal of investment properties;
 - A reduction in US net property income of \$21.0 million due to disposals of the South East and Mid Atlantic portfolios, partially offset by the additional contribution of the new Desco joint venture; and
 - A strengthening of the Australian dollar compared to the US dollar.
- Valuation losses on investment properties in Australia, New Zealand and Europe of \$94.5 million compared to a gain of \$112.7 million in the prior year.
- An increase in finance costs of \$31.0 million mainly due to debt funding of European and US acquisitions during the year.
- Net gains on derivative financial instruments of \$162.3 million compared to net gains of \$201.5 million in the prior year.
- A \$112.9 million increase in deferred tax benefit due to the disposal of US investment properties and US property revaluation writedowns.

Profit for the year attributable to members decreased by 79.65% during 2008 primarily due to the above factors.

Details of Distributions

Refer attached financial statements (Directors Report and Note 12: Distributions paid and payable).

Details of Distribution Reinvestment Plan

In accordance with the Distribution Reinvestment Plan (DRP) rules, the directors suspended the DRP for the half year ended 31 December 2006, however this was reinstated for the half years ended 30 June 2007, 31 December 2007 and 30 June 2008.

Of the distributions paid during the year, \$72.6 million was reinvested in the Trust.

The last date for receipt of an election notice for participation in the DRP was 30 June 2008.

The DRP price per unit includes a discount of 1.0% to the volume weighted average market price of units traded on the ASX during the 10 business days from and including the ex-distribution date.

Statement of Undistributed Income

Refer attached financial statements (Note 26: Undistributed income).

Net Tangible Assets

	Current year	Previous corresponding year
Net tangible asset backing per unit*	\$1.79	\$2.00
Net tangible asset backing per unit after distribution**	\$1.72	\$1.92
Net tangible asset backing per unit after distribution (excluding deferred tax liability)	\$1.80	\$2.06

* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie, all liabilities, preference shares, outside equity interest etc).

** The net tangible asset backing per unit would have been \$1.72 (2007: \$1.92) for the consolidated entity if the distribution for the year ended 30 June 2008 had been recognised in the financial statements.

Control gained or lost over entities during the year

N/A

Details of Associates and Joint Venture entities

Refer attached financial statements (Note 17: Investments in joint venture entities).

Other significant information

- In July 2007, the Trust completed the acquisition of two properties in Germany for €119.2 million and five properties in Poland for €232.0 million. These investments are held by 100% owned subsidiaries of the Trust and their financial results and position for the year ended 30 June 2008 have been consolidated into the Trust's financial statements.
- The Trust acquired a 60% interest in a new US joint venture arrangement with Regency Centers Corporation (13% interest) and the Schnuck family (27% interest), owner operators of Schnucks Markets, Inc in August 2007. The total value of the 32 US properties acquired was US\$396.2 million (\$481.2 million), the Trust's interest being US\$237.7 million (\$288.7 million).
- The Trust also disposed of its Maylands and Georgetown properties in Australia, and Mangere and Palmerston North properties in New Zealand. Total proceeds on disposal amounted to \$25.2 million resulting in an overall profit on disposal of \$0.9 million (\$7.9 million over cost base).
- During the year, the Trust sold its interest in 16 properties in the United States for US\$169.2 million (\$181.1 million), realising a total loss on book values of US\$12.4 million (\$13.1 million). The net proceeds on disposal were used to repay US dollar denominated debt.

Accounting standards used by foreign entities

International Financial Reporting Standards (IFRS)

Commentary on results

	Current period	Previous corresponding period
Earnings per unit	7.49¢	39.40¢
Adjusted earnings per unit	14.18¢	16.59¢
Earnings per unit have decreased by 31.91 cents (80.99%) from the prior year. Adjusted earnings per unit before performance fees and income tax expense has decreased by 2.41 cents, a 14.53% decrease from the prior year.		
<i>Returns to Unitholders:</i> Distributions	\$201.9 m	\$198.8 m
Cash distributions per unit decreased by 3.85% from 15.60 cents per unit in 2007 to 15.00 cents per unit in respect of the year ending 30 June 2008. The final distribution of \$97.7 million was not declared prior to 30 June 2008 (2007: \$101.7 million).		

Significant features of operating performance:

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Income		
Property rental income	182.1	125.6
Property expense	(52.8)	(31.4)
Net property income	129.3	94.2
Share of profits and valuation (losses)/gains from investment in joint venture entities	(51.2)	194.9
Valuation (losses)/gains on investment properties	(94.5)	112.7
Profit on sale of investment properties	0.9	13.3
Net gain from derivative financial instruments	162.3	201.5
Other income	3.9	1.6
Total income net of property expenses	150.7	618.2
Expenses		
Management fee	(9.8)	(8.1)
Finance costs	(66.9)	(35.9)
Unrealised foreign exchange loss	-	-
Other expenses	(6.0)	(3.7)
Total expenses	(82.7)	(47.7)
Profit before tax expense	68.0	570.5
Withholding tax expense	(3.4)	(1.6)
Income tax benefit/(expense)	35.8	(75.6)
Profit after tax	100.4	493.3

Profit after tax for the year was \$100.4 million compared to \$493.3 million for the prior year. The decrease was mainly due to property revaluation write downs, a decrease in unrealised gains on derivative financial instruments and an increase in the deferred tax benefit.

Segment results:
Refer attached financial statements (Note 31: Segment information).

Performance Trends:
Refer to Significant Features of Operating Performance Above.

Other factors:
Refer to other significant information (above).

Audit

This report is based on accounts to which one of the following applies:

<input checked="" type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have not yet been audited or reviewed.

MACQUARIE COUNTRYWIDE TRUST
ARSN 093 143 965
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**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

The Directors of Macquarie CountryWide Management Limited (Manager), the responsible entity of Macquarie CountryWide Trust, present their report together with the consolidated financial report of the Trust and its controlled entities (together, the Trust) for the year ended 30 June 2008.

1. Directors

The following persons have held office as Directors of the Manager during the year and up to the date of this report:

W Richard Sheppard
John Harkness
Maurice Koop
Alan Rattray-Wood
Kylie Rampa
Mark Baillie (alternate for W Richard Sheppard)
Simon Jones (alternate for Kylie Rampa).

2. Principal activities

The principal activity of the Trust during the year was property investment. There were no significant changes in the nature of the Trust's activities during the year.

3. Distributions

The distribution of income for the financial year ended 30 June 2008 was 15.00 cents per unit (2007: 15.60 cents per unit). An interim distribution of 7.80 cents per unit was paid on 22 February 2008. A final distribution for the financial year ended 30 June 2008 of 7.20 cents per unit will be paid on 27 August 2008. A provision has not been recognised in the financial statements at 30 June 2008 as the final distribution had not been declared at the reporting date.

4. Review of operations and significant changes in the state of affairs

The performance of the Trust and its controlled entities, as represented by the results of their operations for the year, was as follows:

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Net property income		
- Wholly owned entities	129.3	94.2
- US joint ventures	210.0	229.2
Valuation (losses)/gains on investment properties		
- Wholly owned entities	(94.5)	112.7
- US joint ventures	(135.2)	79.1
Profit after tax	100.4	493.3

The underlying operational performance of the Trust for the year has been profitable and is in line with management's expectations. The reported profit for the year has been impacted by property acquisitions and disposals in the year, write downs in property valuations and a decrease in net unrealised gains on derivative financial instruments.

The property valuations have decreased primarily due to capitalisation rates used to value the properties softening slightly. The decrease in net unrealised gains on derivatives has been primarily due to reductions in US interest rates and increases in Australian interest rates.

The Trust completed the acquisition of five properties in Poland for €232.0 million (\$370.3 million) and two properties in Germany for €19.2 million (\$190.3 million) in July 2007. These investments are held by 100% owned subsidiaries of the Trust.

**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

4. Review of operations and significant changes in the state of affairs (continued)

The Trust acquired a 60% interest in a new US joint venture arrangement with Regency Centers Corporation (13% interest) and the Schnuck family (27% interest), owner operators of Schnucks Markets, Inc, in August 2007. The total value of the 32 US properties acquired was US\$396.2 million (\$481.2 million), the Trust's interest being US\$237.7 million (\$288.7 million).

During the year, the Trust sold its interest in 16 properties in the United States for US\$169.2 million (\$181.1 million), realising a total loss on book values of US\$12.4 million (\$13.1 million). The net proceeds on disposal were used to repay US dollar denominated debt.

In New Zealand, the Trust disposed of two properties for NZ\$16.7 million (\$14.6 million), realising a total loss on book values of NZ\$0.2 million (\$0.2 million).

In Australia, the Trust acquired an additional property in Singleton for \$12.8 million and disposed of two properties for \$10.6 million, realising a total profit on book value of \$1.1 million.

5. Value of assets

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Value of Trust assets	3,676.0	3,580.0

The value of the Trust's assets is derived using the basis set out in Note 1 to the financial statements.

6. Interests in the Trust

The movement in units of the Trust during the year is set out below:

	Consolidated 2008	Consolidated 2007
Units on issue at the beginning of the year	1,316,327,092	1,218,622,794
Units issued during the year	41,005,633	97,704,298
Units on issue at the end of the year	1,357,332,725	1,316,327,092

7. Information on current directors

Director	Experience	Special responsibilities	Interest in units of the Trust
W Richard Sheppard	<p>Appointed 31 March 2007. Age: 59 Richard has been deputy managing director of Macquarie Group Limited since 1996 and since 2007 has been managing director and chief executive officer of Macquarie Bank Limited. Richard is a director of the Australian Financial Markets Association, Cure Cancer Australia Foundation and the Bradman Foundation. He is also a member of the Australian Government's Financial Sector Advisory Council. Richard has a BEc (1st Class Hons) from the University of Sydney.</p> <p><i>Current listed directorships</i> Chairman of Macquarie DDR Management Limited, manager of Macquarie DDR Trust (director since 2003).</p> <p><i>Former listed directorships in last three years</i> Macquarie ProLogis Management Limited Macquarie Private Capital Group.</p>	Chairman	609,004

**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

7. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
John Harkness	<p>Appointed 18 August 2003. Age: 63 John brings extensive financial skills to the board. A partner at KPMG for 24 years and national executive chairman for five years, John has held a number of non-executive director roles since his retirement from KPMG in 2000. He is currently chairman of ICA Property Development Funds and Sydney Foundation for Medical Research. John is president of Northern Suburbs Rugby Football Club Limited and chairman of Macquarie CountryWide Trust's audit committee. John is a fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.</p> <p><i>Current listed directorships</i> Crane Group (director since 2000) Goodman Group (director since 2005).</p> <p><i>Former listed directorships in last three years</i> Chairman – Lipa Pharmaceuticals Limited.</p>	Chairman of audit committee	-
Maurice Koop	<p>Appointed 12 August 2002. Age: 64 Maurice's experience includes 25 years in consulting with particular focus on consumer goods, retailing and the financial services industry. Maurice is a senior advisor to The Boston Consulting Group. He served as a non-executive director with retailer Just Jeans for 12 years. Maurice is a director of the Australian Golf Club and is a member of Macquarie CountryWide Trust's audit committee. He has a BCom and a DipEd from Melbourne University and an MBA from the University of Toronto.</p> <p><i>Current listed directorships</i> Nil.</p> <p><i>Former listed directorships in last three years</i> Nil.</p>	Member of audit committee	150,000
Alan Rattray-Wood	<p>Appointed 6 March 1996. Age: 55 Alan is an experienced industry participant with more than 30 years experience involving supermarket management, neighbourhood and regional sized shopping centre management, development and leasing. Alan has held management roles with Woolworths, Westfield Holdings, Lustig & Moar and other private developers. Since 1990, he has operated his own retail development consultancy practice, focusing on all facets of shopping centre development and retail chain insolvency workouts. He is a member of Macquarie CountryWide Trust's audit committee.</p> <p><i>Current listed directorships</i> Nil.</p> <p><i>Former listed directorships in last three years</i> Nil.</p>	Member of audit committee	50,353

**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

7. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
Kylie Rampa	<p>Appointed 1 September 2006. Age: 42 Kylie is an executive director of Macquarie Group Limited and head of Macquarie Real Estate Capital – North America. She is responsible for investment banking opportunities for Macquarie’s real estate platform in North America, new real estate funds management origination for listed and unlisted capital and overseeing its existing North American business activities. Prior to relocating to the US, Kylie was chief executive officer of Macquarie CountryWide Trust for six years to August 2006. She is a director of Macquarie Leisure US Holdings Inc and has a BBus from Queensland University of Technology.</p> <p><i>Current listed directorships</i> Macquarie Office Management Limited, manager of Macquarie Office Trust (alternate director since March 2007).</p> <p><i>Former listed directorships in last three years</i> Nil.</p>		26,000
Mark Baillie (alternate)	<p>Appointed 9 May 2001. Age: 45 After spending five years in the United States founding and building Macquarie Real Estate’s North American real estate funds management business, Mark is now based in Macquarie’s London office to focus on Macquarie Real Estate’s European expansion. Mark is an executive director of Macquarie Group Limited and head of real estate, Europe and North America. He is a former chairman of the Association of Foreign Investors in Real Estate and a member of the Real Estate Roundtable, both US based organisations. Mark is a Chartered Accountant and has a BCom from the University of New South Wales.</p> <p><i>Current listed directorships</i> Macquarie Office Management Limited, manager of Macquarie Office Trust (director since 2007) Macquarie DDR Management Limited, manager of Macquarie DDR Trust (director since 2002).</p> <p><i>Former listed directorships in last three years</i> Macquarie ProLogis Management Limited.</p>		100,000

**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

7. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
Simon Jones (alternate)	<p>Appointed 17 November 2004. Age: 43 Simon is an executive director of Macquarie Group Limited and co-head of Macquarie Real Estate Capital. He is responsible for overseeing the management of over \$17 billion in property funds. Simon is chairman of Macquarie Direct Property Management Limited, manager of several unlisted property trusts. He is a certified practising accountant, has a Graduate Diploma from the Financial Services Institute of Australasia and a BCom from The University of New South Wales and is a fellow of the Royal Institution of Chartered Surveyors.</p> <p><i>Current listed directorships</i> Chairman of Macquarie Office Management Limited, manager of Macquarie Office Trust (director since 2007) Macquarie Leisure Management Limited, manager of Macquarie Leisure Trust Group (director since 2005).</p> <p><i>Former listed directorships in last three years</i> Nil.</p>		141,654

8. Meetings of directors

Name	Full meetings of directors		Meetings of audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended
W Richard Sheppard	5	5	-	-
John Harkness	5	5	3	3
Maurice Koop	5	5	3	3
Alan Rattray-Wood	5	5	3	3
Kylie Rampa	5	3	-	-
Mark Baillie (alternate)	-	-	-	-
Simon Jones (alternate)	2	1	-	-

9. Company secretary

Kara Nicholls was appointed to the position of Secretary on 8 December 2005. With over 10 years experience in real estate and equity capital markets, Kara brings extensive knowledge of listing rules, compliance, corporate governance and administration to the board. Kara is company secretary for a number of entities within Macquarie's Real Estate Capital division, including the management companies of all the listed real estate investment trusts. Prior to joining Macquarie in 2003, Kara spent six years at the Australian Securities Exchange (ASX). Kara is a Chartered Secretary and a member of the Australian Institute of Company Directors. She holds a BBus from the University of Technology, Sydney and is a fellow of Chartered Secretaries Australia.

**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

10. Non-audit services

The Manager may decide to employ the auditor on assignments additional to the statutory audit duties where the auditor's expertise and experience with the Trust are important.

Details of the amounts paid to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are disclosed in Note 9 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 9 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 Code of Ethics for Professional Accountants.

11. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

12. Events occurring after reporting date

Subsequent to year end, the Trust signed an unconditional contract to sell Seaford Plaza shopping centre in Adelaide for a gross price of \$72.0 million. This disposal is scheduled to settle on 1 October 2008 and will result in a loss on disposal of approximately \$4.1 million including disposal costs.

In August 2008, the Trust closed out a US\$237.5 million cross currency swap, realising a gain of \$10.1 million. Subsequent to this transaction, the Trust has revised its hedging policy from 90-100% of all foreign currency gross assets to 70-100% of all foreign currency gross assets. The policy change has not resulted in any action and, as such, the financial impact of the change cannot be reliably estimated.

A distribution of 7.20 cents per unit has been declared by the Board of Directors. The total distribution amount of \$97.7 million will be paid on 27 August 2008 in respect of the half year ended 30 June 2008.

The Directors of the Manager are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the financial years subsequent to the year ended 30 June 2008.

13. Likely developments and expected results of operations

The financial statements have been prepared on the basis of current known market conditions. The extent to which a potential further deterioration in either the capital or physical property markets may have on the results of the Trust are unknown. Such results could include the potential to influence property market valuations, the ability of borrowers, including the Trust, to raise or refinance debt, and the cost of such debt or the ability to raise equity.

At the date of this report and to the best of the directors' knowledge and belief, there are no other anticipated changes in the operations of the Trust which would have a material impact on the future results of the Trust. Property valuation changes, movements in deferred tax, movements in the fair value of derivative financial instruments and movements in foreign exchange and interest rates may have a material impact on the Trust's results in future years; however, these cannot be reliably measured at the date of this report.

14. Indemnification and insurance of officers and auditor

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of the Manager or the auditor of the Trust. So long as the officers of the Manager act in accordance with the Trust Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' REPORT TO UNITHOLDERS**

15. Fees paid to and interests held in the Trust by the Manager or its associates

Base fees of \$9,802,000 (2007: \$8,088,000) were paid or are payable to the Manager or its related entities for services provided during the financial year, in accordance with the Trust Constitution as disclosed in Note 6 to the financial statements.

The interests in the Trust held by the Manager or its associates as at 30 June 2008 and fees paid to its associates during the financial year are disclosed in Note 30 to the financial statements.

16. Environmental regulations

The operations of the Trust are subject to environmental regulations under Commonwealth, State and Territory legislation in relation to property developments and the ownership of eight petrol stations.

Under the lease agreements for the eight petrol stations owned by the Trust, any environmental exposures are the responsibility of the tenant, and the Trust is indemnified against any losses resulting from environmental contamination.

In relation to the property developments, the Trust is obliged to ensure all works carried out under any development approval comply with that approval as well as any further relevant statutory requirements. The Trust ensures contracts entered into with builders for its developments stipulate that the builder must:

- (a) ensure that in carrying out the contractor's activities:
 - (i) it complies with all statutory requirements and other requirements of the contract for the protection of the environment;
 - (ii) it does not pollute, contaminate or otherwise damage the environment; and
 - (iii) its subcontractors comply with the requirements referred to in the contract;
- (b) make good any pollution, contamination or damage to the environment arising out of, or in any way in connection with, the contractor's activities, whether or not it has complied with all statutory requirements or other requirements of the contract for the protection of the environment; and
- (c) indemnify the Trust to the full extent permitted by law against:
 - (i) any liability to or a claim by a third party; and
 - (ii) all fines, penalties, costs, losses or damages suffered or incurred by the Trust, arising out of or in connection with the contractor's breach of the contract.

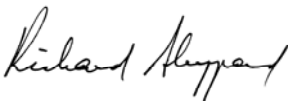
Approvals for property developments are required under various local State and Territory environmental laws.

To the best of the Directors' knowledge, the operations of the Trust have been undertaken in compliance with the applicable environmental regulations in each jurisdiction where the Trust operates.

17. Rounding of amounts to the nearest hundred thousand dollars

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Class Order, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors.



W Richard Sheppard

Sydney
26 August 2008

Auditor's Independence Declaration

As lead auditor for the audit of Macquarie CountryWide Trust for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Countrywide Trust and the entities it controlled during the year.



Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
26 August 2008

MACQUARIE COUNTRYWIDE TRUST
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Income					
Property rental income		182.1	125.6	122.6	113.9
Property expenses		(52.8)	(31.4)	(38.8)	(31.3)
Net property income		129.3	94.2	83.8	82.6
Share of profits and valuation (losses)/gains					
from investment in joint venture entities	17(ii)	(51.2)	194.9	-	-
Valuation (losses)/gains on investment properties	3	(94.5)	112.7	(46.3)	95.2
Profit on sale of investment properties		0.9	13.3	1.1	-
Net gain from derivative financial instruments	4	162.3	201.5	154.3	187.0
Other income	5	3.9	1.6	56.1	78.3
Total income net of property expenses		150.7	618.2	249.0	443.1
Expenses					
Management fee	6	(9.8)	(8.1)	(6.0)	(5.6)
Finance costs	7	(66.9)	(35.9)	(42.4)	(28.6)
Unrealised foreign exchange loss		-	-	(53.4)	(16.1)
Other expenses	8	(6.0)	(3.7)	(3.7)	(2.6)
Total expenses		(82.7)	(47.7)	(105.5)	(52.9)
Profit before tax expense		68.0	570.5	143.5	390.2
Withholding tax expense		(3.4)	(1.6)	(0.7)	-
Income tax benefit/(expense)	10	35.8	(75.6)	-	-
Total tax benefit/(expense)		32.4	(77.2)	(0.7)	-
Profit after tax		100.4	493.3	142.8	390.2
Basic earnings per unit (cents)	11	7.49	39.40		
Diluted earnings per unit (cents)	11	7.49	39.40		
Total distributions in respect of the year ended 30 June	12	201.9	198.8	201.9	198.8
Distribution per unit in respect of the year ended 30 June (cents)	12	15.00	15.60	15.00	15.60

The above Income Statements should be read in conjunction with the accompanying notes.

MACQUARIE COUNTRYWIDE TRUST
BALANCE SHEETS
AS AT 30 JUNE 2008

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Current assets					
Cash and cash equivalents	27	30.2	300.3	17.3	64.0
Receivables	13	11.0	22.7	7.3	12.6
Derivative financial instruments	14	81.7	7.0	81.7	16.4
Other	15	2.6	31.6	1.7	10.6
Total current assets		125.5	361.6	108.0	103.6
Non-current assets					
Investment properties	16	2,014.5	1,450.2	1,377.3	1,341.6
Investment in joint venture entities	17	1,322.5	1,603.1	-	-
Investment in controlled entities	18	-	-	988.3	1,011.9
Loans to controlled entities		-	-	533.3	568.0
Derivative financial instruments	14	213.5	165.1	204.4	150.6
Total non-current assets		3,550.5	3,218.4	3,103.3	3,072.1
Total assets		3,676.0	3,580.0	3,211.3	3,175.7
Current liabilities					
Payables	19	27.5	24.4	13.8	11.6
Provisions	20	-	-	-	-
Derivative financial instruments	14	0.5	5.5	0.4	7.0
Other	21	2.3	0.1	0.6	0.1
Total current liabilities		30.3	30.0	14.8	18.7
Non-current liabilities					
Interest bearing liabilities	22	1,067.9	727.4	646.1	654.4
Deferred tax liabilities	23	120.2	181.3	-	-
Derivative financial instruments	14	32.6	9.8	32.6	6.4
Total non-current liabilities		1,220.7	918.5	678.7	660.8
Total liabilities		1,251.0	948.5	693.5	679.5
Net assets		2,425.0	2,631.5	2,517.8	2,496.2
Equity					
Contributed equity	24	2,167.0	2,094.4	1,977.6	1,928.6
Reserves	25	55.9	43.0	320.6	175.4
Undistributed income	26	202.1	494.1	219.6	392.2
Total equity		2,425.0	2,631.5	2,517.8	2,496.2

The above Balance Sheets should be read in conjunction with the accompanying notes.

MACQUARIE COUNTRYWIDE TRUST
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Total equity at the beginning of the year		2,631.5	2,310.9	2,496.2	2,108.6
Profit		100.4	493.3	142.8	390.2
Net income recognised directly in equity					
- Translation of foreign operations and foreign denominated borrowings	25	(173.6)	(161.4)	12.1	-
- Movement in cash flow hedges previously classified as effective	25	-	(8.7)	-	-
- Movement in effective net investment hedges	25	-	(3.2)	-	(3.2)
- Movement in net investment hedges previously classified as effective	25	-	0.5	-	0.5
		(173.6)	(172.8)	12.1	(2.7)
Total recognised income and expense for the year		(73.2)	320.5	154.9	387.5
Transactions with unitholders in their capacity as unitholders					
- Contributions of equity, net of issue costs	24	72.6	192.3	72.6	192.3
- Distributions paid and payable	20	(205.9)	(192.2)	(205.9)	(192.2)
		(133.3)	0.1	(133.3)	0.1
Total equity at the end of the year		2,425.0	2,631.5	2,517.8	2,496.2

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

MACQUARIE COUNTRYWIDE TRUST
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 \$'m Inflows/ (Outflows)	Consolidated 2007 \$'m Inflows/ (Outflows)	Parent 2008 \$'m Inflows/ (Outflows)	Parent 2007 \$'m Inflows/ (Outflows)
Cash flows from operating activities					
Property rental income received		213.6	132.1	143.8	119.4
Property expenses paid		(62.6)	(30.1)	(43.5)	(29.9)
Distributions received from investments in controlled entities		-	-	46.1	122.3
Distributions received from investments in joint venture entities		78.2	69.2	-	-
Other operating expenses paid		(20.9)	(14.0)	(11.2)	(11.6)
Finance costs paid		(63.7)	(37.4)	(40.7)	(9.1)
Interest and other income received		59.8	34.8	58.2	28.6
Taxes paid		(1.9)	(7.0)	(0.7)	-
Net cash flows from operating activities	28(a)	202.5	147.6	152.0	219.7
Cash flows from investing activities					
Proceeds from sale of investment properties		25.2	91.9	10.6	-
Proceeds from sale of investment properties held in joint venture entities		101.9	8.5	-	-
Payments for investment in joint venture entities		(144.1)	(32.8)	-	(22.3)
Receipts from/(loans to) controlled entities		-	-	11.5	(146.2)
Payments for investment properties		(664.6)	(99.4)	(90.8)	(97.6)
Net cash flows from investing activities		(681.6)	(31.8)	(68.7)	(266.1)
Cash flows from financing activities					
Proceeds from borrowings		582.2	985.0	232.3	912.0
Repayment of borrowings		(238.4)	(821.3)	(229.3)	(821.3)
Proceeds from issue of units		-	147.1	-	147.1
Equity issue costs paid		-	(1.9)	-	(1.9)
Distributions paid to unitholders		(133.3)	(145.1)	(133.3)	(145.1)
Net cash flows from financing activities		210.5	163.8	(130.3)	90.8
Net (decrease)/increase in cash held		(268.6)	279.6	(47.0)	44.4
Cash and cash equivalents at the beginning of the year		300.3	20.8	64.0	19.6
Effect of exchange rate changes on cash and cash equivalents		(1.5)	(0.1)	0.3	-
Cash and cash equivalents at the end of the year	27	30.2	300.3	17.3	64.0

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report for the year ended 30 June 2008 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards (which include Australian interpretation by virtue of AASB 1048 Interpretation and Application of Standards) and the Corporations Act 2001. This report covers both Macquarie CountryWide Trust as an individual entity (the Parent) and the consolidated entity consisting of the Parent and its controlled entities (together, the Trust).

Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

New standards adopted

Since 1 July 2007, the Trust has adopted several new standards that became mandatory for the Trust for accounting periods beginning on or after 1 July 2007. These include:

(i) AASB 7 Financial Instruments: Disclosures and amendments made by AASB 2005-10

This standard introduced new disclosures to increase the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit, liquidity and market risk, including sensitivity analysis to market risk. Adoption of the standard did not have any effect on the financial position or performance of the Trust.

(ii) AASB 101 Presentation of Financial Statements

The impacts of revised AASB 101 were to eliminate much of the Australian specific content, including the Australian illustrative formats of the Income Statement, Balance Sheet and Statement of Changes in Equity which entities were previously 'encouraged' to adopt in preparing their financial statements. In addition to this, the standard introduced disclosures about the level of an entity's capital and how it manages capital.

(iii) AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other amendments

This standard introduced accounting policy choices allowed under IFRS that were not previously incorporated by the Australian Accounting Standards Board (AASB), and removed many Australian specific disclosures. The primary impact on the financial statements was to reduce the disclosures relating to investments in associates and joint ventures. Accounting choices now allowed include using the indirect method to prepare the statement of cash flows, and using the proportionate consolidation method for accounting for joint venture interests. Adoption of the standard did not have any effect on the financial position or performance of the Trust.

(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from Annual Improvements Project (effective from 1 January 2009)

This standard, resulting from the IASB's first Annual Improvement Project, makes several amendments to a number of standards, including AASB 101 *Presentation of Financial Statements* which removes the potential implication in AASB 101 that financial liabilities that are classified as held for trading in accordance with AASB 139 *Financial instruments: Recognition and Measurement* must be presented as current liabilities. Entities who have previously classified financial instruments held for trading in accordance with AASB 139 as current are required to assess classification based on terms and conditions of the financial instruments. The Trust has elected to early adopt this standard and, as a result, has presented derivative financial instruments with a maturity period of greater than 12 months as non-current. Comparatives have been similarly restated.

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments held at fair value.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values described in Notes 1(d), 1(e) and 1(t) and assumptions relating to deferred tax liabilities, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting year.

(b) Principles of consolidation

The consolidated financial statements of the Trust incorporate the assets and liabilities of the Trust's controlled entities as at 30 June 2008 and their results for the financial year then ended. The effects of all transactions between entities in the Trust have been eliminated in full.

Controlled entities are those entities over which the Trust has the power to govern the financial and operating policies, generally accompanying a holding of more than one-half of the voting rights.

Where control of an entity is obtained during a financial year, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

(c) Receivables

Receivables are carried at the amounts due to the Trust. Rent and outgoings receivable are usually settled within 30 days of recognition and turnover rent receivable due to the Trust is usually settled within 90 days of the end of the tenant's lease year.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the year in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Trust will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

Amounts due to the Parent entity from controlled entities are classified as loans receivable where arm's length terms and a maturity date are included. Where such terms do not apply the amount is classified as an investment in a controlled entity (refer to Note 1 (w)).

(d) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Fair value is assessed as management's best estimate of the amount for which the investment properties would be sold unencumbered in an arm's length transaction between willing and knowledgeable parties. Gains and losses arising from changes in the fair values of investment properties are included in the Income Statement in the year in which they arise.

At each reporting date, the fair values of the investment properties are assessed by the Manager by reference to independent valuation reports or through appropriate valuation techniques adopted by the Manager.

Where an independent valuation is not obtained, the Manager's assessment of fair value is determined by using appropriate valuation techniques including the capitalisation of net income, discounted cash flows and independent assessments of market conditions and property values.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(d) Investment properties (continued)

The use of independent valuers is on a progressive basis over a three year period, or earlier, where the Manager believes there may be a material change in the carrying value of the property.

The carrying amount of investment properties recorded in the Balance Sheet includes components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future years.

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

(e) Investment in joint venture entities

The Trust exercises joint control over its joint venture entities, but neither the Trust nor its joint venture partner has control in their own right, irrespective of their ownership interest.

Investments in joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. Under this method, the Trust's share of the profits or losses of each joint venture entity is recognised as income in the Income Statement, and its share of movements in reserves is recognised in the Balance Sheet. Distributions receivable from joint venture entities reduce the carrying value of the equity accounted investment.

(f) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including rent-free periods, upfront cash payments, or a contribution to certain lessee costs such as a fitout contribution. Incentives are capitalised in the Balance Sheet as a component of investment properties and amortised over the term of the lease as a reduction of net rental income.

(g) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Trust designates certain derivatives as either hedges of net investments in foreign operations (net investment hedges) or hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges).

The Trust documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

(ii) Net investment hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in the foreign currency translation reserve. This amount will be reclassified into the Income Statement on disposal of the foreign operations. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(g) Derivatives (continued)

(iii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the year when the hedged item impacts the Income Statement.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Notwithstanding the accounting outcome, the Manager considers that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange and interest rate exposures of the Trust.

(h) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust. The amounts are unsecured and are usually paid within 30 or 60 days of recognition.

(i) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowing using the effective interest rate method.

(j) Borrowing costs

Borrowing costs associated with the acquisition or construction of a qualifying asset, including interest expense, are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. Borrowing costs not associated with qualifying assets, are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Trust's outstanding Australian and New Zealand borrowings during the year, in this case 8.25% per annum (2007: 7.75% per annum).

(k) Income tax

Under current Australian income tax legislation, the Trust is not liable to pay income tax provided its taxable income (including assessable realised capital gains) is fully distributed to unitholders, by way of cash or reinvestment. The liability for capital gains tax that may arise if the Australian and New Zealand properties were sold is not accounted for in this financial report.

Under current New Zealand income tax legislation, trusts are taxed as companies. However, as the Trust does not have taxable income in New Zealand, it is not liable for income tax. Under German and Polish tax legislation, controlled entities of the Trust are taxed as companies and a current tax liability is recognised for the expected tax payable on taxable income in those jurisdictions, using tax rates enacted or substantively enacted at balance date.

Macquarie CountryWide (US) Corporation and Macquarie CountryWide (US) No. 2 Corporation (US REITs), controlled entities of the Trust, have both elected to be taxed as Real Estate Investment Trusts (REITs) under US federal taxation law, and on this basis, will generally not be subject to US income taxes on that portion of the US REITs' taxable income or capital gains which are distributable to the US REITs' shareholders, provided that the US REITs comply with the requirements of the US Internal Revenue Code of 1986 and maintain their REIT status.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(k) Income tax (continued)

In respect of its US investments, the Trust may ultimately realise a capital gain or loss on disposal which if not distributed, may attract a US income tax liability. If the gain is distributed, a US withholding tax liability at a withholding tax rate of 35% may arise and may give rise to a foreign tax credit which would be available to unitholders. A current tax liability is recognised in the financial statements for realised gains on disposals of US investments, except where the proceeds of such disposals are reinvested in a qualifying asset. A deferred tax liability is recognised based on the temporary difference between the carrying amount of the US assets in the Balance Sheet and their associated tax cost bases.

German and Polish deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

(l) Goods and Services Tax (GST) and Value Added Tax (VAT)

Income, expenses, assets and liabilities are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) and VAT recoverable from German and Polish tax offices. The non-recoverable GST/VAT is recognised as part of the income, expense, asset or liability. Receivables and payables are inclusive of GST/VAT. The net amount of GST/VAT recoverable from or payable to the ATO and overseas tax offices is included in receivables or payables in the Balance Sheet. Cash flows relating to GST/VAT are included in the Cash Flow Statement on a gross basis.

(m) Equity transaction costs

Transaction costs arising on the issue of equity are recognised directly in equity as a reduction in the proceeds of units to which the costs relate.

(n) Reserves

In accordance with the Trust Constitution, amounts may be transferred from reserves or contributed equity to fund distributions.

(o) Property rental income

Property rental income represents income earned from the rental of Trust properties (inclusive of outgoings recovered from tenants) and is recognised on a straight line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future years is recognised as a separate component of investment properties. Turnover rent is recognised on an accruals basis until the actual amounts become payable by the respective tenants.

(p) Repairs and maintenance

Repairs and maintenance costs and minor renewals are charged as expenses when incurred. These repairs and maintenance costs will consist of those that, under the relevant lease agreements, are non-recoverable from tenants.

(q) Foreign currency translation

(i) Functional and presentation currencies

Items included in the financial statements of the Trust are measured using the currency of the primary economic environment in which the Trust operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Trust's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(q) Foreign currency translation (continued)

(iii) Foreign operations

Transactions of foreign controlled entities and equity accounted joint venture entities are measured using the currency of the primary economic environment in which those entities operate. Assets and liabilities of foreign controlled entities and equity accounted joint venture entities are translated at exchange rates ruling at balance date while income and expenses are translated at weighted average exchange rates for the year. Exchange differences arising on translation of the interests in foreign controlled entities and equity accounted joint venture entities are taken directly to the foreign currency translation reserve. On consolidation or by way of reserve transfer, exchange differences on loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations are reflected in the foreign currency translation reserve. At 30 June 2008, the spot rates used were A\$1.00 = US\$0.9582 (2007: A\$1.00 = US\$0.8479), A\$1.00 = NZ\$1.2586 (2007: A\$1.00 = NZ\$1.0995) and A\$1.00 = €0.6086. The average spot rates during the year ended 30 June 2008 were A\$1.00 = US\$0.9044 (2007: A\$1.00 = US\$0.7922), A\$1.00 = NZ\$1.1761 (2007: A\$1.00 = NZ\$1.1418) and A\$1.00 = €0.6098.

(r) Segment information

Segment income, expenditure, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of cash, receivables (net of any related provisions) and investments. Any assets used jointly by segments are allocated based on reasonable estimates of usage.

(s) Earnings per unit

Basic earnings per unit is determined by dividing the profit by the weighted average number of ordinary units on issue during the financial year.

Diluted earnings per unit is determined by dividing the profit by the weighted average number of ordinary units and dilutive potential ordinary units on issue during the financial year.

(t) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using quoted market prices at the reporting date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(u) New standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Trust for accounting years beginning on or after 1 July 2008 or later years but which the Trust has not yet adopted. These include:

- (i) *AASB 8 Operating Segments (effective from 1 July 2009)*
This standard will require the entity to adopt the 'management approach' to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as it is used internally by the chief decision maker for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the income statement and balance sheet, in which case reconciliations of certain items will be required. AASB 2007-03 contains the consequential amendments to other Australian Accounting Standards as a result of the publication of the revised AASB 8. The impact on the financial statements will be limited to disclosures;
- (ii) *AASB 123 Borrowing Costs (effective from 1 July 2009)*
This revised standard eliminates the current option available to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised standard requires that they be capitalised as part of the cost of the asset. All other borrowing costs should be expensed as they are incurred. As the Trust currently capitalises borrowing costs relating to qualifying assets, this revised standard is expected to have minimal impact on the financial statements. AASB 2007-06 contains the consequential amendments to other Australian Accounting Standards as a result of the publication of the revised AASB 123. The impact on the financial statements will be limited to disclosures;
- (iii) *AASB 101 Presentation of Financial Statements and AASB 2007-08 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*
This standard introduces the notion of a 'complete set of financial statements', and changes the presentation of financial statements so owner changes in equity are disclosed separately from non-owner changes in equity. All non-owner changes in equity ('comprehensive income') will be presented either in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income), instead of being presented in the statement of changes in equity. Additional disclosure will be made of the income tax relating to each component of other comprehensive income, and the titles of the financial statements will change although their use will not be mandatory ('balance sheet' becomes 'statement of financial position'; 'income statement' becomes part of the 'statement of comprehensive income', unless a separate income statement is provided; 'cash flow statement' becomes 'statement of cash flows');
- (iv) *AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements (effective from 1 July 2009)*
These standards amend the accounting for certain aspects of business combinations and changes in ownership interests in subsidiaries. Changes include:
- transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
 - contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post-acquisition to affirm fair values) without regard to the probability of having to make a future payment, and all subsequent changes in fair value are recognised in profit;
 - changes in control are considered significant economic events, thereby requiring:
 - previous ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control is gained (i.e. becomes a subsidiary); and
 - retained ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control is lost (i.e. divestment of a subsidiary); and
 - changes in a parent's ownership interest in a subsidiary that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity; and

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies (continued)

(u) New standards, interpretations and amendments to published standards that are not yet adopted (continued)

(v) *AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009).*

This standard changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to align with IFRS terminology.

(v) Rounding

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded to the nearest hundred thousand dollars in accordance with that Class Order, unless otherwise indicated.

(w) Investments in controlled entities

Investments in controlled entities are accounted for at cost. Such investments include both investments in shares issued by the controlled entity and other parent entity interests that in substance form part of the parent entity's investment in the controlled entity. These include investments in the form of interest-free loans which have no fixed contractual terms and which have been provided to the controlled entity as an additional source of long term capital.

Trade amounts receivable from controlled entities in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables.

The carrying amounts of investments in controlled entities valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying value of these investments exceeds their recoverable amount, the assets are written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

MACQUARIE COUNTRYWIDE TRUST
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2. Trust formation

The Trust was established on 21 July 1995. The operations of the Trust commenced with the purchase of Trust properties during November 1995. On 7 October 2005, the Manager executed a supplemental deed poll to amend the Trust Constitution. The amendments removed the 80 year life of the Trust, to enable the units on issue to be classified as equity under Australian Accounting Standards.

3. Property valuation gains/(losses)

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Australia and New Zealand				
Revaluation increment on investment properties	20.0	172.4	19.7	96.2
Revaluation decrement on investment properties	(69.5)	(60.4)	(64.9)	(1.7)
Revaluation adjustments*	(1.1)	0.7	(1.1)	0.7
	(50.6)	112.7	(46.3)	95.2
Europe				
Revaluation decrement on investment properties	(43.9)	-	-	-
	(43.9)	-	-	-
United States				
Revaluation increment on investment properties	50.3	87.7	-	-
Revaluation decrement on investment properties	(179.5)	-	-	-
Revaluation adjustments*	(6.0)	(8.6)	-	-
	(135.2)	79.1	-	-
	(229.7)	191.8	(46.3)	95.2

* Adjustments relating to straightlining of rental income, amortisation of lease incentives and capitalisation of leasing fees.

4. Net gain from derivative financial instruments

Gain on derivative financial instruments - realised	59.3	33.2	57.2	29.5
Gain on derivative financial instruments - unrealised	119.2	176.9	109.5	166.1
Loss on derivative financial instruments - unrealised	(16.2)	(8.6)	(12.4)	(8.6)
	162.3	201.5	154.3	187.0

5. Other income

Distribution income	-	-	22.5	58.6
Interest and other income	3.9	1.6	33.6	19.7
	3.9	1.6	56.1	78.3

6. Management fee

The Manager of the Trust is Macquarie CountryWide Management Limited, a wholly owned subsidiary of Macquarie Group Limited. The Manager's registered office and principal place of business is 1 Martin Place, Sydney NSW 2000.

Under the terms of the Trust Constitution, the Manager is entitled to receive the following remuneration from the Trust, comprising a base fee and a performance fee:

(a) Base fee

The base fee is calculated as:

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

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6. Management fee (continued)

(a) Base fee (continued)

The base fee is calculated six monthly and is paid quarterly in arrears with the first quarterly payment being a part payment on account for the six month period.

The base fee payable to the Manager is reduced to the extent that management fees are paid or payable to US service providers.

The Manager agreed to waive 0.25% of the 0.40% base fee for a period of 18 months in relation to the US properties acquired on 1 June 2005. This waiver has now expired and the Manager has commenced charging the same fee as the remaining portfolio from 1 December 2006.

(b) Performance fee

In addition to the base management 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 the 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:

- (i) 5% of the total Increased Unitholder Value from outperformance; plus
- (ii) 15% of the Increased Unitholder Value above 2% nominal outperformance per annum (1% per half year).

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

The performance fee is calculated and payable, if entitled, each half year at December and 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 year.

(c) Management fee calculation

The total management fee for the year is detailed as follows:

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Base fee	9,802	8,088	5,957	5,600
Performance fee	-	-	-	-
	9,802	8,088	5,957	5,600

In addition to the fees in this table, a related party of the Manager has earned management fees of \$9,902,000 (2007: \$8,014,000) relating to the US properties. These are included in the management fee disclosed in Note 17(ii).

No performance fee was earned by the Manager during the year. In the calculation of the performance fee, outperformance will be assessed on a cumulative basis and accordingly, underperformance for the period from 1 January 2004 to 30 June 2008 will need to be recovered before the Manager is entitled to any future performance fees. For the period from 1 January 2004 to 30 June 2008, the Index increased in value by 42.26% compared to the Trust's cumulative performance which decreased by 18.48% (difference of 60.74%).

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7. Finance costs

	Consolidated 2008	Consolidated 2007	Parent 2008	Parent 2007
	\$'m	\$'m	\$'m	\$'m
Finance costs paid or payable	71.9	38.2	47.4	30.9
Less: Capitalised finance costs	(5.0)	(2.3)	(5.0)	(2.3)
Finance costs expensed	66.9	35.9	42.4	28.6

8. Other expenses

Accounting fees	0.9	0.4	0.4	0.4
Audit committee and compliance fees - independent directors	0.1	0.1	0.1	0.1
Audit fees	0.7	0.3	0.4	0.3
Custodian and trustee fees	0.3	0.2	0.2	0.2
Consulting expenses	0.8	-	0.8	-
Legal fees	0.6	0.2	0.3	0.2
Postage and printing costs	0.2	0.2	0.2	0.2
Registry fees	0.3	0.2	0.3	0.2
State and indirect taxes	0.5	0.6	-	0.3
Stock exchange costs	0.2	-	0.2	-
Taxation fees	0.4	0.3	-	-
Travel expenses	0.5	0.1	0.4	0.1
Unitholder communications costs	0.1	0.2	0.1	0.2
Valuation fees	-	0.6	-	0.3
Other	0.4	0.3	0.3	0.1
	6.0	3.7	3.7	2.6

Other expenses have been paid in accordance with the Trust Constitution.

9. Remuneration of auditor

During the year, the auditor of the Trust, PricewaterhouseCoopers, earned the following remuneration:

	Consolidated 2008	Consolidated 2007	Parent 2008	Parent 2007
	\$'000	\$'000	\$'000	\$'000
Audit services - Australian firm	402	322	402	322
Audit services - related practices	263	-	-	-
Taxation services - Australian firm	31	38	31	38
Taxation services - related practices	347	249	-	-
Other services - Australian firm	-	12	-	-
	1,043	621	433	360

Taxation services include taxation compliance fees relating to the Trust's New Zealand, US and European entities.

In addition to the above fees, PricewaterhouseCoopers US earned US\$374,677 (\$396,122) (2007: US\$300,116; \$378,839) in connection with the audit of the Trust's joint venture entities. This amount represents the Trust's share of the fees and is recorded within share of profits and valuation (losses)/gains from investment in joint venture entities.

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10. Income tax benefit/(expense)

	Consolidated	Consolidated	Parent	Parent
	2008	2007	2008	2007
	\$'m	\$'m	\$'m	\$'m
Current tax expense	(2.1)	(0.6)	-	-
Deferred tax benefit/(expense)	37.9	(75.0)	-	-
	35.8	(75.6)	-	-

11. Earnings per unit

	Consolidated	Consolidated
	2008	2007
Basic earnings per unit (cents)	7.49	39.40
Diluted earnings per unit (cents)	7.49	39.40
Distributable earnings per unit (cents)	14.18	16.59
Earnings used in the calculation of basic and diluted earnings per unit (\$'m)	\$100.4	\$493.3
Earnings used in the calculation of distributable earnings per unit (refer to calculation in table below) (\$'m)	\$190.0	\$207.7
Weighted average number of units used in the calculation of basic, diluted and distributable earnings per unit (millions)	1,340.0	1,252.1

Calculation of distributable earnings

The Manager does not consider it appropriate to use profit under Australian Accounting Standards to determine distributions to unitholders. The table below outlines the Manager's adjustments to profit under Australian Accounting Standards to determine the amount the Manager believes should be available for distribution for the current year. The Manager uses this amount as guidance for distribution determination.

Distributable earnings is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items and reserve transfers. Pursuant to the Trust Constitution, the adjustment and therefore the amount distributed to unitholders is at the discretion of the Manager. The Manager will use the distributable earnings calculated as a guide to assessing an appropriate distribution to declare.

The adjustments made to profit under Australian Accounting Standards in order to solely determine distributable earnings may change from time to time depending on future changes to accounting standards and the Manager's assessment as to whether non-recurring or infrequent items (such as realised gains on the sale of properties) will be distributed to unitholders.

MACQUARIE COUNTRYWIDE TRUST
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11. Earnings per unit (continued)

Calculation of distributable earnings (continued)

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Profit after tax*		100.4	493.3	142.8	390.2
Unrealised items					
- Property valuation losses/(gains)	3	229.7	(191.8)	46.3	(95.2)
- Gain on derivative financial instruments - unrealised	4	(119.2)	(176.9)	(109.5)	(166.1)
- Loss on derivative financial instruments - unrealised	4, 17(ii)	17.1	8.6	12.4	8.6
- Deferred tax (benefit)/expense	10	(37.9)	75.0	-	-
Non-cash items					
- Amortisation of lease incentives	26(d)	2.2	1.2	1.5	1.1
- Straightlining of fixed rent increases	26(d)	(2.3)	(5.2)	(1.0)	(0.1)
Reserve transfers					
- Pari passu issue of units	24	-	2.9	-	2.9
- Valuation fees	8	-	0.6	-	0.3
Distributable earnings for the year		190.0	207.7	92.5	141.7

* Current year profit includes profit on disposal of Australian properties of \$1.1 million and losses on disposal of New Zealand and US properties of \$0.2 million and \$13.1 million respectively. Prior year profit includes profit on disposal of New Zealand and US properties of \$13.3 million and \$3.2 million respectively.

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12. Distributions paid and payable*

Consolidated and parent	Distribution cents per unit	Total amount \$'m	Tax deferred %	CGT concession amount %	Taxable %
Ordinary unitholders					
2008 distributions for the half year ended:					
31 December 2007	7.80	104.2			
30 June 2008*	7.20	97.7			
	15.00	201.9	42.52	1.10	56.38
Ordinary unitholders					
2007 distributions for the half year ended:					
31 December 2006	7.80	97.1			
30 June 2007**	7.80	101.7			
	15.60	198.8	32.81	11.91	55.28

* The distribution of 7.20 cents per unit for the half year ended 30 June 2008 was not declared prior to 30 June 2008. Refer Note 34.

** The distribution of 7.80 cents per unit for the half year ended 30 June 2007 was not declared prior to 30 June 2007.

13. Receivables

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Rent receivable	2.5	6.8	0.7	6.1
Provision for doubtful debts	(0.7)	(0.6)	(0.3)	(0.6)
	1.8	6.2	0.4	5.5
Outgoings receivable	-	0.7	-	0.5
Turnover rent receivable	5.5	7.4	5.2	6.6
VAT receivable	0.2	-	-	-
Withholding tax receivable	-	8.1	-	-
Sundry debtors	3.5	0.3	1.7	-
	11.0	22.7	7.3	12.6

The Trust's receivables are carried at amounts that approximate their fair value.

MACQUARIE COUNTRYWIDE TRUST
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14. Derivative financial instruments

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Assets				
Current				
Interest rate swaps	-	0.7	-	10.1
Cross currency swaps	63.0	-	63.0	-
Forward foreign exchange contracts	18.7	6.3	18.7	6.3
	81.7	7.0	81.7	16.4
Non-current				
Interest rate swaps	16.9	14.5	7.8	-
Cross currency swaps	182.5	137.2	182.5	137.2
Forward foreign exchange contracts	14.1	13.4	14.1	13.4
	213.5	165.1	204.4	150.6
Liabilities				
Current				
Interest rate swaps	0.1	-	-	1.5
Forward foreign exchange contracts	0.4	5.5	0.4	5.5
	0.5	5.5	0.4	7.0
Non-current				
Interest rate swaps	12.9	3.4	12.9	-
Cross currency swaps	19.4	6.4	19.4	6.4
Forward foreign exchange contracts	0.3	-	0.3	-
	32.6	9.8	32.6	6.4

Interest rate swaps

The Trust has entered into interest rate swap agreements totalling \$819.7 million (2007: \$967.9 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount or, receive interest, at quarterly intervals, at a fixed rate on a notional principal amount and oblige it to pay interest at a floating rate on the same amount.

MACQUARIE COUNTRYWIDE TRUST
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14. Derivative financial instruments (continued)

Interest rate swaps

As at 30 June 2008, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Swaps - Trust pays fixed rate		
1 year or less	52.2	153.3
1 - 2 years	460.8	129.7
2 - 3 years	-	233.7
3 - 4 years	285.9	-
4 - 5 years	304.4	277.7
More than 5 years	104.4	320.6
	1,207.7	1,115.0
Swaps - Trust pays floating rate		
1 - 2 years	(388.0)	-
2 - 3 years	-	(147.1)
	(388.0)	(147.1)
Net position - Trust pays fixed rate	819.7	967.9

At 30 June 2008, the fixed rate varies from 3.47% to 7.50% per annum (2007: 2.78% to 6.23% per annum).

Cross currency swaps

The Trust has entered into A\$/US\$ cross currency swap agreements totalling A\$1,541.2 million/US\$1,211.9 million (2007: A\$1,644.2 million/US\$1,285.9 million) that entitle it to receive Australian dollar interest, at quarterly intervals, at a rate on a notional Australian dollar principal amount and oblige it to pay US dollar interest at a rate on the corresponding US dollar amount as per the swap contract. The swap agreements allow the Trust to raise long term borrowings at an Australian dollar rate and effectively swap them into a US dollar rate.

As at 30 June 2008, the notional principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
1 year or less	50.4	-
1 - 2 years	652.2	50.4
2 - 3 years	316.0	695.3
3 - 4 years	168.7	316.0
4 - 5 years	204.3	283.4
More than 5 years	149.6	299.1
	1,541.2	1,644.2

At 30 June 2008, the Australian dollar interest rate prevailing on the cross currency swaps varies from 5.46% to 7.64% per annum (2007: 5.48% to 6.48% per annum) and the US dollar interest rate prevailing on the cross currency swaps varies from 3.47% to 5.16% per annum (2007: 3.47% to 5.35% per annum).

The cross currency swap contracts do not qualify for hedge accounting and accordingly, changes in the fair value of these contracts are recorded in the Income Statement. A transfer is subsequently made to the foreign currency translation reserve for fair value movements caused by spot rate changes to offset movements in this reserve relating to the US investments of the Trust.

MACQUARIE COUNTRYWIDE TRUST
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14. Derivative financial instruments (continued)

Forward foreign exchange contracts

The Trust has entered into forward foreign exchange contracts to sell New Zealand dollars and receive Australian dollars at an average exchange rate of A\$1.00 = NZ\$1.1634 (2007: A\$1.00 = NZ\$1.1496). The last of these forward foreign exchange contracts matures in December 2008.

The Trust has also entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars at an average exchange rate of A\$1.00 = US\$0.7304 (2007: A\$1.00 = US\$0.7274). The last of these forward foreign exchange contracts matures in March 2012.

The Trust has also entered into forward foreign exchange contracts to sell Euro and receive Australian dollars at an average exchange rate of A\$1.00 = €0.5727. The last of these forward foreign exchange contracts matures in August 2014.

The forward foreign exchange contracts do not qualify for hedge accounting and accordingly, changes in the fair value of these contracts are recorded in the Income Statement. For a portion of the New Zealand dollar forward foreign exchange contracts treated as economic hedges of the Trust's net investment in New Zealand properties, a transfer is subsequently made to the foreign currency translation reserve for fair value movements caused by spot rate changes to offset movements in this reserve relating to New Zealand investments of the Trust.

15. Other assets

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Prepayments	2.5	0.9	1.6	0.9
Deposit and acquisition cost of new properties*	0.1	30.7	0.1	9.7
	2.6	31.6	1.7	10.6

* The current year amount represents the preliminary acquisition costs relating to pending property acquisitions at Kalgoorlie in Australia. The prior year amount represents the preliminary acquisition costs relating to pending property acquisitions at Albany and Kalgoorlie, five property investments in Poland, two property investments in Germany and the Schnucks portfolio of 32 properties in the United States.

16. Investment properties

Australian properties	1,377.3	1,341.6	1,377.3	1,341.6
New Zealand properties	79.9	108.6	-	-
European properties	557.3	-	-	-
	2,014.5	1,450.2	1,377.3	1,341.6

Investment properties include a straightlining asset of \$3.7 million (2007: \$2.7 million) and amortised lease incentives of \$5.3 million (2007: \$4.5 million).

Reconciliation of the carrying amount of property investments at the beginning and end of the current and previous years is set out below:

Carrying amount at the beginning of the year	1,450.2	1,315.0	1,341.6	1,163.2
Additions	677.5	85.6	90.3	83.9
Disposals	(24.0)	(77.8)	(9.4)	-
Revaluation (decrement)/increment	(93.4)	112.0	(45.2)	94.5
Revaluation adjustments	(1.1)	0.7	(1.1)	0.7
Straightlining of rental income	1.0	0.1	1.0	0.1
Amortisation of lease incentives	(1.5)	(1.1)	(1.5)	(1.1)
Capitalised leasing fees	1.6	0.3	1.6	0.3
Foreign exchange rate differences on translation	4.2	15.4	-	-
Carrying amount at the end of the year	2,014.5	1,450.2	1,377.3	1,341.6

MACQUARIE COUNTRYWIDE TRUST
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16. Investment properties (continued)

Leasing arrangements

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:				
Within 1 year	133.4	101.5	94.5	101.3
Later than 1 year but not later than 5 years	403.2	414.5	298.4	402.4
Later than 5 years	378.5	312.8	336.1	298.0
	915.1	828.8	729.0	801.7

17. Investment in joint venture entities

The Trust has an investment in four joint venture entities with Regency Centers Corporation (Regency) and an investment in one joint venture entity with Regency and Desco Investment Corporation. The Trust exercises joint control over the joint venture entities, but neither the Trust nor its joint venture partners have control in their own right, irrespective of their ownership interest. The investments are accounted for in the consolidated financial statements using the equity method of accounting (refer to Note 1(e)). The parent entity's investment in joint venture entities is recorded at cost. Information relating to the joint venture entities is detailed below:

Joint venture entity	Country of incorporation	Principal activity	Ownership interest	
			2008 %	2007 %
Macquarie CountryWide – Regency LLC	United States	Property investment	75.00	75.00
MCW/MDP – Regency LLC	United States	Property investment	75.00	75.00
Macquarie CountryWide – Regency II LLC	United States	Property investment	75.00	75.00
Macquarie CountryWide – Regency III LLC	United States	Property investment	75.00	75.00
Macquarie CountryWide – Regency – Desco LLC	United States	Property investment	60.00	-

(i) *Carrying amount of investment in joint venture entities*

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Carrying amount at the beginning of the year		1,603.1	1,678.8
Additions during the year		144.1	21.3
Share of profit before property valuation (losses)/gains	17(ii)	84.0	115.8
Share of property valuation (losses)/gains	17(ii)	(135.2)	79.1
Distributions paid and payable during the year		(180.1)	(77.7)
Foreign exchange rate differences on translation		(193.4)	(214.2)
Carrying amount at the end of the year		1,322.5	1,603.1

**MACQUARIE COUNTRYWIDE TRUST
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17. Investment in joint venture entities (continued)

(ii) *Results attributable to joint venture entities (Trust's share)*

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Income		
Property rental income	290.1	311.1
Property expenses	(80.1)	(81.9)
Net property income	210.0	229.2
(Loss)/profit on sale of investment properties	(13.1)	3.2
Total income net of property expenses	196.9	232.4
Expenses		
Management fee	(11.8)	(10.2)
Finance costs	(96.2)	(102.6)
Net loss from derivative financial instruments	(0.9)	-
Other expenses	(4.0)	(3.8)
Total expenses	(112.9)	(116.6)
Profit before property valuation (losses)/gains	84.0	115.8
Property valuation (losses)/gains		
Revaluation of investment properties	(129.2)	87.7
Revaluation adjustments*	(6.0)	(8.6)
Total property valuation (losses)/gains	(135.2)	79.1
Share of profits and valuations (losses)/gains from investment in joint venture entities	(51.2)	194.9

* Adjustments relating to straightlining of rental income, amortisation of lease incentives and capitalisation of lease fees.

(iii) *Significant contract terms and conditions*

(a) Pre-emptive rights

If the Manager is removed as responsible entity of the Trust, or there is a change in control of Regency, Macquarie CountryWide (US) Trust or Macquarie CountryWide (US) No. 2 Trust, or other defined events occur, then Regency, Macquarie CountryWide (US) Trust or Macquarie CountryWide (US) No. 2 Trust may exercise its pre-emptive right to acquire the properties of the Trust at fair market value.

(b) Additional distribution

In respect of Macquarie CountryWide - Regency LLC and MCW/MDP - Regency LLC, net proceeds from financings (i.e. borrowings) and capital transactions (i.e. sales of projects or casualty damage to or condemnation of a project) are distributed to the Trust and Regency (the Members) in proportion to their respective equity interests, being 75% and 25% respectively. These entities account for US\$548.8 million (\$572.8 million) and US\$105.8 million (\$110.5 million) of the Trust's share of joint venture investment properties respectively.

In the event of a dissolution of Macquarie CountryWide - Regency LLC and MCW/MDP - Regency LLC, 45% of the net proceeds from financings and capital transactions above a 13% per annum internal rate of return with respect to each Member's cumulative capital contributions are distributed to Regency and 55% are distributed to the Trust. This enhanced percentage is called the 'additional distribution'. However, under certain circumstances relating to a breach by Regency or a Regency affiliate of the LLC Agreement or any related agreement, 25% of the proceeds would be distributed to Regency and 75% would be distributed to the Trust. In addition, Regency is entitled to a portfolio liquidation and management fee equal to 0.75% of the portfolio fair market value. Dissolution can be triggered by either party from June 2008 representing the seventh anniversary date of the LLC Agreement.

**MACQUARIE COUNTRYWIDE TRUST
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17. Investment in joint venture entities (continued)

(iv) *Share of joint venture entities assets and liabilities*

	Consolidated June 2008 \$'m	Consolidated June 2007 \$'m
Current assets		
Cash and cash equivalents	22.4	48.7
Receivables	32.5	21.4
Other	14.8	6.5
	69.7	76.6
Non-current assets		
Investment properties	2,941.5	3,354.4
Total assets	3,011.2	3,431.0
Current liabilities		
Payables	30.9	30.1
Interest bearing liabilities*	54.5	41.8
Other	46.1	18.0
	131.5	89.9
Non-current liabilities		
Interest bearing liabilities*	1,557.2	1,738.0
Total liabilities	1,688.7	1,827.9
Net assets	1,322.5	1,603.1

* The US joint venture borrowings are denominated in US dollars and are secured by mortgages over the respective investment properties.

The joint venture entities have committed to expenditure activities within the next financial year. The Trust's share of the committed expenditure is US\$8.4 million (\$8.8 million) (2007: US\$21.9 million; \$25.8 million). These commitments have not been reflected in the financial statements of the Trust.

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18. Investment in controlled entities

Entity	Country of formation/ incorporation	Class of securities	Consolidated interest		Parent carrying amount	
			2008 %	2007 %	2008 \$	2007 \$
Nambour Unit Trust	Australia	Ordinary	100	100	1	1
Macquarie CountryWide (NZ) Trust	Australia	Ordinary	100	100	100	100
Macquarie CountryWide (US) Trust	Australia	Ordinary	100	100	148,324,742	151,446,107
Macquarie CountryWide (US) No. 2 Trust	Australia	Ordinary	100	100	839,256,075	859,709,046
Macquarie CountryWide (US) Corporation	United States	Ordinary	99.99	99.99	-	-
Macquarie CountryWide (US) No. 2 Corporation	United States	Ordinary	99.99	99.99	-	-
MCW/MDP LLC	United States	Ordinary	100	100	-	-
Macquarie CountryWide (US) No. 2 LLC	United States	Ordinary	100	100	-	-
Macquarie CountryWide Europe No. 1 Sarl	Luxembourg	Ordinary	100	100	85,344	85,344
Macquarie CountryWide Europe No. 2 Sarl	Luxembourg	Ordinary	100	100	648,069	648,069
Macquarie CountryWide Jena Burgau Sarl	Luxembourg	Ordinary	100	100	-	-
Macquarie CountryWide Alt-Chemnitz Sarl	Luxembourg	Ordinary	100	100	-	-
Macquarie CountryWide Poland Sarl	Luxembourg	Ordinary	100	100	-	-
MCW Jena Burgau Grundbesitz GmbH & Co. KG	Germany	Limited partner	100	100	-	-
MCW Alt-Chemnitz Grundbesitz GmbH & Co. KG	Germany	Limited partner	100	100	-	-
Dabrowka Investments Sp.z o.o. (formerly known as Alma Investments Sp.z o.o.)	Poland	Ordinary	100	100	-	-
Turzyn Investments Sp.z o.o. (formerly known as Ariel Investments Sp.z o.o.)	Poland	Ordinary	100	100	-	-
Krakow Investments Sp.z o.o. (formerly known as Dina Investments Sp.z o.o.)	Poland	Ordinary	100	100	-	-
Borek-Arena Investments Sp.z o.o. (formerly known as Forfax Investments Sp.z o.o.)	Poland	Ordinary	100	100	-	-
					988,314,331	1,011,888,667

19. Payables

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Sundry creditors	12.2	3.5	5.2	2.7
Management fee	2.1	2.4	1.4	1.4
Custodian and trustee fees	0.1	0.1	0.1	0.1
Interest payable on interest bearing liabilities	6.5	2.0	3.1	1.9
GST payable	1.0	0.2	1.0	0.2
Accrued expenses	3.3	15.3	3.0	5.3
Withholding and current tax payable	2.3	0.9	-	-
	27.5	24.4	13.8	11.6

MACQUARIE COUNTRYWIDE TRUST
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20. Provisions

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Distribution to ordinary unitholders				
Opening balance	-	-	-	-
Distribution declared	205.9	192.2	205.9	192.2
Paid during the year	(133.3)	(145.1)	(133.3)	(145.1)
Distributions reinvested	(72.6)	(47.1)	(72.6)	(47.1)
Closing balance	-	-	-	-

The distribution of 7.20 cents per unit for the half year ended 30 June 2008, totalling \$97.7 million, was not declared prior to 30 June 2008. Refer to Note 34.

21. Other liabilities

Current

Rental deposits	2.3	0.1	0.6	0.1
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22. Interest bearing liabilities

Commercial mortgage backed securities	450.0	450.0	-	-
Bank loan - term debt	621.1	279.3	197.5	206.3
Loans payable to related entities	-	-	450.0	450.0
Less: Unamortised transaction costs	(3.2)	(1.9)	(1.4)	(1.9)
	1,067.9	727.4	646.1	654.4

	Consolidated 2008 \$'m	Consolidated 2007 \$'m
Credit facilities		
At 30 June 2008 and 2007, the Trust had access to:		
Bank overdraft facility	1.0	1.0
CMBS debt	450.0	450.0
Bank drawdown facility:		
Term debt	698.6	670.0
Bank guarantee - term debt	-	0.1
	1,149.6	1,121.1
Amount of facilities used:		
Drawdown to date - CMBS debt	450.0	450.0
Drawdown to date - term debt	621.1	279.3
Bank guarantee issued - term debt	-	0.1
	1,071.1	729.4
Amount of facilities unused	78.5	391.7

The Trust's borrowings are carried at amounts that approximate their fair value.

**MACQUARIE COUNTRYWIDE TRUST
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22. Interest bearing liabilities (continued)

Bank overdraft facility

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. As at 30 June 2008, the interest rate on the overdraft facility was 11.63% per annum (2007: 9.95% per annum).

Commercial mortgage backed securities

The Trust issued commercial mortgage backed securities (CMBS) totalling \$450.0 million on 7 December 2006. The CMBS are secured over 52 Australian properties of the Trust and will mature in December 2009. The carrying amount of properties pledged as security amounts to \$865.4 million (2007: \$877.0 million).

Bank loans

The Australian multi-option bank loan facility is secured by registered mortgages over all of the Trust's Australian properties, except those specifically pooled as security for the Trust's CMBS debt, and its ownership interest in the New Zealand properties. The carrying amount of the properties pledged as security amounts to \$591.8 million (2007: \$573.2 million). The multi-option facility matures in February 2011.

Investment properties in Europe are partially funded by the term debt amounting to €257.8 million (\$423.6 million) which are secured by registered mortgages over acquired properties. The carrying amount of the properties pledged as security amounts to €339.2 million (\$557.3 million). The term debt matures in June and July 2010.

The Australian multi-option bank loan facility is repayable immediately if the Trust defaults on payments of interest or principal, its total bank secured loan amount exceeds 65% of the carrying value of its total security pool assets (60% effective 1 April 2009), its security pool financial charges ratio falls below 1.50:1 (2.00:1 effective 1 July 2009) or its tangible net worth falls below \$1.8 billion.

European bank loans funding the Trust's investment in Poland are repayable immediately if the Trust defaults on payments of interest or principal, allows total property debt to exceed 80% of the carrying value of the properties or allows its projected financial charges ratio to fall below 1.1:1.

European bank loans funding the Trust's investment in Germany are repayable immediately if the Trust defaults on payments of interest or principal, allows total property debt to exceed 85% of the carrying value of the properties, allows its historic financial charges ratio to fall below 1.2:1 or its projected financial charges ratio to fall below 1.2:1.

Interest rates on the bank loans are variable and are reset periodically, usually after a period of 90 days. As at 30 June 2008, the interest rates on the bank loans vary from 2.73% to 7.93% per annum (2007: 4.41% to 5.61% per annum).

In addition to interest costs, the Trust pays activation fees on utilised debt and line fees on the total loan facility.

23. Deferred tax liabilities

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
US capital gains deferred tax liabilities	114.4	181.3	-	-
Other deferred tax liabilities	5.8	-	-	-
	120.2	181.3	-	-

Revision of estimate

During the year, the estimate of US tax cost base used to determine deferred tax liabilities was revised to reflect an "Earnings and Profit" tax cost base. This method is based on the recognition of tax depreciation on a straight line basis (previously, a reducing balance method was applied) and more closely reflects the tax liability which may become payable in respect of realised gains on disposal of US investments. The net effect of the changes in the current financial year was a \$31.2 million deferred tax benefit. This revision is not expected to have a material effect in future years.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
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24. Contributed equity

<i>No. of units</i>	<i>Details</i>	<i>Date of income entitlement</i>	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
1,218,622,794	Units on issue	30 June 2006		1,905.0		1,777.3
215,212	Underwritten DRP issue	1 July 2006		0.4		0.4
26,607,426	DRP issue*	1 July 2006		47.1		47.1
57,971,015	Placement issue**	1 January 2007		120.0		120.0
12,910,645	Unit Purchase Plan issue***	1 July 2007		26.7		26.7
	Equity issue costs			(1.9)		(1.9)
	Transfer for return of capital from US REITs****			-		(38.1)
	Pari passu issue of units**			(2.9)		(2.9)
1,316,327,092	Units on issue	30 June 2007	2,094.4	2,094.4	1,928.6	1,928.6
18,999,250	DRP issue*	1 July 2007	37.7		37.7	
22,006,383	DRP issue*	1 January 2008	34.9		34.9	
	Transfer for return of capital from US REITs****		-		(23.6)	
1,357,332,725	Units on issue	30 June 2008	2,167.0	2,094.4	1,977.6	1,928.6

* The current year DRP units were issued on 28 August 2007 and 22 February 2008 but were entitled to income from 1 July 2007 and 1 January 2008 respectively. The prior year DRP units were issued on 24 August 2006 but were entitled to income from 1 July 2006.

** In the prior year, a placement on 26 April 2007 resulted in 58.0 million units being allotted at \$2.07 each on a pari passu basis. These units ranked equally for distribution and therefore a transfer was made from contributed equity to partly fund distributions from 1 January 2007 to allotment date, with the balance being funded from profit.

*** On 26 June 2007, a Unit Purchase Plan (UPP) resulted in 12.9 million units being allotted at \$2.07 per unit. These units were allotted after the ex-entitlement date of 25 June 2007 and were not entitled to a distribution for the half year ended 30 June 2007.

**** During the current and prior years, the US REITs paid dividends to the Parent. These dividends are classified as a return of capital to the extent that the dividend amount exceeds the US REIT profits. This return of capital reduces the amount of income in the parent trust and reduces the cost base of the parent trust's investment in the US REITs. A transfer is made from reserves to offset this return of capital from the US REITs. This does not impact the Trust.

As stipulated in the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Trust.

Distribution Reinvestment Plan

The Trust has established a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. In accordance with the DRP Rules, the Directors suspended the DRP for the half year ended 31 December 2006, however this was reinstated for the half years ended 30 June 2007, 31 December 2007 and 30 June 2008. Currently, units are issued under the DRP at a 1% discount to the market price.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
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25. Reserves

	Note	Consolidated 2008 \$'000	Consolidated 2007 \$'000	Parent 2008 \$'000	Parent 2007 \$'000
Foreign currency translation reserve					
Opening balance		43.0	(7.7)	175.4	(20.6)
Translation of foreign operations and foreign denominated borrowings		(173.6)	(161.4)	12.1	-
Movement in effective net investment hedges		-	(3.2)	-	(3.2)
Movement in net investment hedges previously classified as effective		-	0.5	-	0.5
Transfer to undistributed income	26	-	-	(53.4)	(16.1)
Transfer from undistributed income*	26	186.5	214.8	186.5	214.8
Closing balance		55.9	43.0	320.6	175.4
Cash flow hedging reserve					
Opening balance		-	8.7	-	-
Movement in cash flow hedges previously classified as effective		-	(8.7)	-	-
Closing balance		-	-	-	-
Total reserves		55.9	43.0	320.6	175.4

* This transfer represents the Australian dollar equivalent of the spot rate movement in the US dollar notional amounts of the cross currency swaps and NZ dollar forward foreign exchange contracts held by the Trust. The foreign exchange movement in the cross currency swaps largely offsets the exchange rate movements in the Trust's US dollar and NZ dollar investments and US dollar borrowings.

MACQUARIE COUNTRYWIDE TRUST
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26. Undistributed income

Summary of undistributed income

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Distributable earnings	26(a)	137.5	150.7	63.4	98.7
Investment property revaluations	26(b)	319.4	557.3	277.3	324.7
Unrealised derivative revaluations	26(c)	(110.5)	(26.1)	(118.7)	(29.3)
Other unrealised items	26(d)	(144.3)	(187.8)	(2.4)	(1.9)
		202.1	494.1	219.6	392.2

(a) Undistributed income - distributable earnings

Opening balance		150.7	105.5	98.7	95.0
Distributable earnings for the year	11	190.0	207.7	92.5	141.7
Transfer from contributed equity:					
- Return of capital from US REITs	24	-	-	23.6	38.1
Transfers from foreign currency translation reserve	25	-	-	53.4	16.1
Transfer from undistributed income - other unrealised items	26(d)	(5.5)	-	-	-
Transfer from undistributed income - investment property revaluations*	26(b)	8.2	29.7	1.1	-
Available for distribution		343.4	342.9	269.3	290.9
Distributions paid and payable		(205.9)	(192.2)	(205.9)	(192.2)
Closing balance		137.5	150.7	63.4	98.7

The distribution of 7.20 cents per unit for the half year ended 30 June 2008, totalling \$97.7 million, was not declared prior to 30 June 2008. This amount will be paid on 27 August 2008.

(b) Undistributed income - investment property revaluations

Opening balance		557.3	395.8	324.7	229.8
Revaluation (decrement)/increment on properties	3	(94.5)	112.7	(46.3)	95.2
Revaluation (decrement)/increment on investment properties in joint venture entities	3	(135.2)	79.1	-	-
Transfer to undistributed income - distributable	26(a)	(8.2)	(29.7)	(1.1)	-
Valuation fees		-	(0.6)	-	(0.3)
Closing balance		319.4	557.3	277.3	324.7

* The transfer reallocates the property valuation gains derived during prior years relating to Australian, New Zealand and US properties disposed, as they have been realised.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
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26. Undistributed income (continued)

	Note	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
(c) Undistributed income - unrealised derivative revaluations					
Opening balance		(26.1)	20.4	(29.3)	28.0
Gain on derivative financial instruments - unrealised		119.2	176.9	109.5	166.1
Loss on derivative financial instruments - unrealised		(17.1)	(8.6)	(12.4)	(8.6)
Transfer to foreign currency translation reserve	25	(186.5)	(214.8)	(186.5)	(214.8)
Closing balance		(110.5)	(26.1)	(118.7)	(29.3)
(d) Undistributed income - other unrealised items					
Opening balance		(187.8)	(116.8)	(1.9)	(0.9)
Movement in deferred tax liabilities		37.9	(75.0)	-	-
Transfer to undistributed income - distributable earnings*	26(a)	5.5	-	-	-
Amortisation of lease incentives		(2.2)	(1.2)	(1.5)	(1.1)
Straightlining of fixed rent increases		2.3	5.2	1.0	0.1
Closing balance		(144.3)	(187.8)	(2.4)	(1.9)
Total undistributed income		202.1	494.1	219.6	392.2

* The transfer reallocates deferred tax expenses recognised in prior years relating to properties disposed, as they have been realised.

27. Cash and cash equivalents

Australian operating accounts	17.3	40.7	17.3	40.7
NZ operating accounts	1.8	2.2	-	-
US operating accounts	0.1	9.7	-	-
European operating accounts	9.7	224.4	-	-
Term deposits	1.3	23.3	-	23.3
	30.2	300.3	17.3	64.0

MACQUARIE COUNTRYWIDE TRUST
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28. Cash flow information

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
(a) Reconciliation of profit after tax to net cash flows from operating activities				
Profit after tax	100.4	493.3	142.8	390.2
<i>Non-cash items</i>				
Unrealised foreign exchange loss	-	-	53.4	16.1
Amortisation of lease incentives	2.2	1.2	1.5	1.1
Straightlining of fixed rent increases	(2.3)	(5.2)	(1.0)	(0.1)
Revaluation of investment properties	229.7	(191.8)	46.3	(95.2)
Profit on sale of investment properties	(0.9)	(13.3)	(1.1)	-
Revaluation of derivative financial instruments	(103.0)	(168.3)	(97.1)	(157.5)
Movement in US capital gains deferred tax liability	(43.4)	75.0	-	-
<i>Change in assets and liabilities</i>				
<i>(Increase)/decrease in assets</i>				
Receivables	25.7	(3.3)	(18.0)	(5.0)
Prepayments	(1.7)	(0.6)	(0.8)	(0.7)
Distribution income receivable	-	-	23.6	61.8
Net income receivable from investment properties in joint venture entities	(5.8)	(46.6)	-	-
<i>Increase in liabilities</i>				
Payables	1.6	7.2	2.4	9.0
Net cash flows from operating activities	202.5	147.6	152.0	219.7

(b) Non-cash financing and investing activities

The following items are not reflected in the Cash Flow Statement:

Distributions by the Trust during the year satisfied
by the issue of units under the DRP

	72.6	47.1	72.6	47.1
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29. Net tangible assets

Total assets	3,676.0	3,580.0	3,211.3	3,175.7
Less: Total liabilities	(1,251.0)	(948.5)	(693.5)	(679.5)
Net tangible assets attributable to the Trust	2,425.0	2,631.5	2,517.8	2,496.2

Total number of units on issue	1,357,332,725	1,316,327,092	1,357,332,725	1,316,327,092
Net tangible asset backing per unit	\$1.79	\$2.00	\$1.85	\$1.90
Net tangible asset backing per unit after distribution	\$1.72	\$1.92	\$1.79	\$1.82
Net tangible asset backing per unit after distribution, excluding deferred tax liabilities	\$1.80	\$2.06	\$1.79	\$1.82

**MACQUARIE COUNTRYWIDE TRUST
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30. Related party disclosures

(a) Directors

The following persons were directors of the Manager during the financial year:

W Richard Sheppard
John Harkness
Maurice Koop
Alan Rattray-Wood
Kylie Rampa
Mark Baillie (alternate for W Richard Sheppard)
Simon Jones (alternate for Kylie Rampa).

(b) Parent entity

The ultimate parent entity of the consolidated entity is Macquarie CountryWide Trust.

(c) Controlled entities

The Trust's interests in controlled entities are disclosed in Note 18.

(d) Transactions with related parties of the Manager

Macquarie Group Limited (MGL) was reimbursed \$350,000 (2007: \$350,000) in the current year for the cost of providing accounting services to the Trust, and \$132 (2007: \$nil) in the current year for the cost of providing information technology services to the Trust.

Macquarie Asset Services Limited received fees totalling \$11,364,550 (2007: \$3,942,000) during the financial year relating to acquisition and due diligence, property development management and property leasing consultancy services.

Macquarie Equity Capital Markets Limited (MECM) received a fee of \$18,044 (2007: \$942,000) for underwriting and managing the equity placement in April 2007.

Macquarie Global Property Advisers Limited (MGPA) received a fee of \$4,829,483 during the year (2007: \$nil) for acquisition and due diligence services provided on the European portfolio acquisitions.

Macquarie Investment Management Limited received a fee of \$5,470 (2007: \$233) in the current year relating to the provision of call centre services.

Base management fees of \$9,802,000 (2007: \$8,088,000) were paid to the Manager as compensation. Refer to Note 6.

The Trust received distributions from its controlled entities during the current and prior financial year.

The Manager and related entities of the Manager held 187,269,982 units as at 30 June 2008 (2007: 113,527,037).

The Trust's Industrial Special Risks and Public and Products Liability insurances are renewed annually as at 31 March. These insurances are placed as part of the wider Macquarie Group insurance renewals in accordance with Macquarie's Insurable Risk Management Policy to achieve scale discounts.

This year, Willis Australia Limited, Macquarie's global insurance broker, conducted a marketing campaign for the insurance renewal and the Macquarie Insurance Facility (MIF), which includes a Macquarie Group captive, provided the most competitive terms. The lead facility underwriters are those who would usually be approached on the open market.

The Industrial Special Risks and primary Public and Products Liability policies were placed with the MIF. On placing these insurances with MIF the Macquarie Group captive received a cede commission. No residual insurance liability remains with MIF, all insurance liabilities are passed to the reinsurance market.

The above fees and transactions were all based on market rates and on normal commercial terms and conditions and have been approved by the independent directors.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
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30. Related party disclosures (continued)

(e) Key management personnel and remuneration

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Manager meets the definition of KMP as it has this authority in relation to the activities of the Trust. These powers have not been delegated by the Manager to any other person. Accordingly, the Chief Executive Officer (CEO) of the Trust is not considered to be KMP as he does not have sufficient individual authority and responsibility for planning, directing and controlling the activities of the Trust.

No payments were made by the Trust or by the Manager on behalf of the Trust to the non-executive directors during the year.

Details of management fees charged to the Trust by the Manager and its related entities are included in Note 6.

Board audit committee fees and compliance fees totalling \$133,000 (2007: \$81,000) were paid or payable by the Trust to the independent directors, John Harkness, Maurice Koop and Alan Rattray-Wood for the financial year. These amounts are reviewed from time to time in consultation with external experts to ensure that remuneration reflects the service expected to be performed.

(f) Directors' interests in Trust units

The number of units held directly, indirectly or beneficially by the Directors of the Manager or their director related entities are:

	Units held 2008	Units held 2007
W Richard Sheppard	609,004	509,004
John Harkness	-	-
Maurice Koop	150,000	-
Alan Rattray-Wood	50,353	33,916
Kylie Rampa	26,000	26,000
Mark Baillie (alternate for W Richard Sheppard)	100,000	100,000
Simon Jones (alternate for Kylie Rampa)	141,654	141,654

The aggregate number of units of the Trust acquired or disposed of by the Directors of the Manager or their director related entities was:

	Units 2008	Units 2007
Acquisitions		
W Richard Sheppard	100,000	-
Maurice Koop	150,000	-
Alan Rattray-Wood	16,437	3,743
Simon Jones (alternate)	-	4,830
Disposals	-	-
Units held on appointment as director		
W Richard Sheppard	n/a	509,004
Kylie Rampa	n/a	26,000
Mark Baillie (alternate for W Richard Sheppard)	n/a	100,000

No options in the Trust are held by Directors of the Manager.

MACQUARIE COUNTRYWIDE TRUST
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31. Segment information

Business segments

The Trust is a listed property trust which invests in the retail property market.

Geographical segments

The Trust has investments in retail properties located in Australia, New Zealand, the United States and Europe.

	Australia 2008 \$'m	New Zealand 2008 \$'m	United States 2008 \$'m	Europe 2008 \$'m	Consolidated Total 2008 \$'m	Australia 2007 \$'m	New Zealand 2007 \$'m	United States 2007 \$'m	Consolidated Total 2007 \$'m
Share of profits and valuation (losses)/gains from investment in joint venture entities	-	-	(51.2)	-	(51.2)	-	-	194.9	194.9
Total income net of property expenses	206.3	1.7	(46.5)	(10.8)	150.7	367.5	43.4	207.3	618.2
Income tax benefit/(expense)	42.3	-	-	(6.5)	35.8	(75.0)	-	(0.6)	(75.6)
Profit after tax	160.9	1.1	(29.2)	(32.4)	100.4	274.9	34.5	183.9	493.3

	Australia 2008 \$'m	New Zealand 2008 \$'m	United States 2008 \$'m	Europe 2008 \$'m	Consolidated Total 2008 \$'m	Australia 2007 \$'m	New Zealand 2007 \$'m	United States 2007 \$'m	Consolidated Total 2007 \$'m
Total assets	1,693.4	82.0	1,323.4	577.2	3,676.0	1,843.5	112.4	1,624.1	3,580.0
Total liabilities	693.5	-	115.6	441.9	1,251.0	942.8	0.9	4.8	948.5
Additions to investment properties and investment in joint venture entities	90.3	2.3	144.1	584.9	821.6	83.9	1.7	21.3	106.9

**MACQUARIE COUNTRYWIDE TRUST
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32. Capital and financial risk management

(a) Capital risk management

The Trust's objectives when managing capital are to optimise unitholder value through the mix of available capital sources whilst complying with statutory and constitutional capital and distribution requirements, maintain gearing, interest cover ratios and other covenants within approved limits and continue to operate as a going concern.

The Trust assesses its capital management approach as a key part of its overall strategy and this is continuously reviewed by management and the Board.

The Trust is able to alter its capital mix by issuing new units, activating the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buy-back program or selling assets to reduce borrowings.

The Trust has a target gearing of 45% to 55% of debt to total assets on a 'look through' basis. In calculating 'look through' gearing, the Trust's interests in joint venture entities are proportionately consolidated based on the Trust's ownership percentage. At 30 June 2008, gearing was 49.9% (2007: 46.4%).

Protection of the Trust's equity in foreign denominated assets is achieved through borrowing in the local currency to provide a natural hedge, supplemented by the use of forward foreign exchange contracts and cross currency swaps to provide additional hedge protection. The Trust has a target equity hedge of 90% to 100% of the gross asset value by foreign currency.

The Trust also protects its assets by taking out insurance with creditworthy insurers.

(b) Financial risk management

The Trust's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing liabilities and derivative financial instruments.

The Trust's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), liquidity risk and credit risk.

The Trust manages its exposure to these financial risks in accordance with the Trust's Financial Risk Management (FRM) policy as approved by the Board. The policy sets out the Trust's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

The Trust uses various measures to monitor exposures to these types of risks. The main methods include foreign exchange and interest rate sensitivity analysis, ageing analysis and counterparty credit assessment and the use of future rolling cash flow forecasts.

The Trust uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and cross currency swaps to manage its financial risk as permitted under the FRM policy. Such instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

(i) Market risk

The Trust manages its financial risk on a 'look through' basis. The term 'look through' refers to the financial risks inherent in the assets and liabilities of the controlled entities and the assets and liabilities held through joint venture entities. The risks relating to assets and liabilities held in joint venture entities are managed based on the Trust's ownership percentage.

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates will change the Australian dollar value of the Trust's foreign denominated net assets or earnings. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Trust's functional currency.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

The Trust is exposed to foreign exchange risk through investing in overseas investment properties and deriving income from those properties. The Trust manages this exposure on a 'look through' basis including exposures generated by both controlled properties and those held through net investment in joint venture entities.

The majority of derivatives utilised to manage this exposure are held by the parent entity and as such the information provided below is only meaningful for the consolidated entity, however parent entity disclosure has also been provided in accordance with AASB 7 *Financial Instruments: Disclosures*.

Foreign income

Through investing in overseas assets, the Trust earns foreign denominated income. Net property income derived is naturally offset by local denominated expenses including interest and tax. This is further reduced by natural and derivative interest expenses incurred on cross currency swaps.

The Trust uses forward foreign exchange contracts to convert this net foreign denominated currency exposure back to Australian dollars at pre-determined exchange rates in the future.

At balance date, the Trust is effectively 100% hedged for at least 3.5 years for US dollars, 5 years for Euros and 2.5 years for NZ dollars at average exchange rates of A\$1.00 = US\$0.7304 (2007: A\$1.00 = US\$0.7274), A\$1.00 = €0.5727 and A\$1.00 = NZ\$1.1780 (2007: A\$1.00 = NZ\$1.1496), respectively. As such, the Trust's distributable earnings are not materially exposed to movements in foreign currency exchange rates.

Foreign investments

The Trust aims to minimise the impact of fluctuations in foreign currency exchange rates on its net investments overseas by borrowing in the local overseas currencies to fund such investments, by entering into debt cross currency swaps that exchange Australian dollar denominated debt for the local currency debt and by entering into equity cross currency swaps that create a synthetic local currency liability used to offset any residual foreign currency exposure. The Trust's policy is to hedge 90% to 100% of its gross overseas investments in this way. Compliance with this policy is reviewed regularly by management and is reported to the Board.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

The following tables set out the Trust's overseas investments, by currency exposure (in Australian dollar equivalents) and how, through the use of debt, forward foreign exchange contracts and cross currency swaps, this exposure is reduced.

Consolidated	Australian dollar exposure		US dollar exposure		Euro exposure		NZ dollar exposure		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Assets										
Cash and cash equivalents	16.8	63.2	0.5	10.4	11.1	224.6	1.8	2.1	30.2	300.3
Receivables	7.3	12.5	-	8.2	3.4	0.4	0.3	1.6	11.0	22.7
Derivatives*	42.4	34.8	-	-	-	-	-	-	42.4	34.8
Investment properties	1,377.3	1,341.6	-	-	557.3	-	79.9	108.6	2,014.5	1,450.2
Investment in joint venture entities	-	-	1,322.5	1,603.1	-	-	-	-	1,322.5	1,603.1
Other	1.7	10.6	-	-	0.9	21.0	-	-	2.6	31.6
	1,445.5	1,462.7	1,323.0	1,621.7	572.7	246.0	82.0	112.3	3,423.2	3,442.7
Liabilities										
Payables	12.8	11.0	1.2	1.9	13.5	10.6	-	0.9	27.5	24.4
Derivatives*	13.7	5.1	-	-	-	-	-	-	13.7	5.1
Interest bearing liabilities	452.3	448.1	59.6	48.9	556.0	230.4	-	-	1,067.9	727.4
Deferred tax liabilities	0.7	-	114.4	181.3	5.1	-	-	-	120.2	181.3
Other	0.6	0.1	-	-	1.7	-	-	-	2.3	0.1
	480.1	464.3	175.2	232.1	576.3	241.0	-	0.9	1,231.6	938.3
Net assets/(liabilities)	965.4	998.4	1,147.8	1,389.6	(3.6)	5.0	82.0	111.4	2,191.6	2,504.4
Derivative financial instruments										
Cross currency swaps - debt**	451.9	450.3	(369.4)	(417.4)	-	-	-	-	82.5	32.9
Cross currency swaps - equity**	1,039.0	1,197.1	(895.4)	(1,099.2)	-	-	-	-	143.6	97.9
Forward foreign exchange contracts - equity**	94.3	102.1	-	-	-	-	(87.0)	(105.8)	7.3	(3.7)
	1,585.2	1,749.5	(1,264.8)	(1,516.6)	-	-	(87.0)	(105.8)	233.4	127.1
Net exposure - Australian dollar equivalent	2,550.6	2,747.9	(117.0)	(127.0)	(3.6)	5.0	(5.0)	5.6	2,425.0	2,631.5

* Fair value of forward foreign exchange contracts and interest rate swaps used to hedge the Trust's foreign net income.

** Foreign currency exposure amounts represent the notional principal amounts payable under derivative contracts used to hedge the Trust's foreign capital. Australian dollar exposure amounts represent the remaining component of fair value of these derivatives, which is not affected by foreign exchange rate movements.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Parent	Australian dollar		US dollar		Euro		NZ dollar		Total	
	exposure		exposure		exposure		exposure		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Assets										
Cash and cash equivalents	16.8	62.9	0.4	0.8	0.1	0.3	-	-	17.3	64.0
Receivables	7.3	12.6	-	-	-	-	-	-	7.3	12.6
Derivatives*	1.6	-	25.4	24.4	6.3	5.4	-	-	33.3	29.8
Investment properties	1,377.3	1,341.6	-	-	-	-	-	-	1,377.3	1,341.6
Investment in controlled entities	-	-	987.6	1,011.2	0.7	0.7	-	-	988.3	1,011.9
Loans to controlled entities	-	0.9	304.9	343.1	175.8	161.5	52.6	62.5	533.3	568.0
Other	1.7	10.6	-	-	-	-	-	-	1.7	10.6
	1,404.7	1,428.6	1,318.3	1,379.5	182.9	167.9	52.6	62.5	2,958.5	3,038.5
Liabilities										
Payables	13.8	11.6	-	-	-	-	-	-	13.8	11.6
Derivatives*	2.2	1.2	11.0	0.3	0.4	0.2	-	1.5	13.6	3.2
Interest bearing liabilities	452.3	448.1	59.6	48.9	134.2	157.4	-	-	646.1	654.4
Other	0.6	0.1	-	-	-	-	-	-	0.6	0.1
	468.9	461.0	70.6	49.2	134.6	157.6	-	1.5	674.1	669.3
Net assets	935.8	967.6	1,247.7	1,330.3	48.3	10.3	52.6	61.0	2,284.4	2,369.2
Derivative financial instruments										
Cross currency swaps - debt**	451.9	450.2	(369.4)	(417.4)	-	-	-	-	82.5	32.8
Cross currency swaps - equity**	1,039.0	1,197.1	(895.4)	(1,099.2)	-	-	-	-	143.6	97.9
Forward foreign exchange contracts - equity**	94.3	102.1	-	-	-	-	(87.0)	(105.8)	7.3	(3.7)
	1,585.2	1,749.4	(1,264.8)	(1,516.6)	-	-	(87.0)	(105.8)	233.4	127.0
Net exposure - Australian dollar equivalent	2,521.0	2,717.0	(17.1)	(186.3)	48.3	10.3	(34.4)	(44.8)	2,517.8	2,496.2

* Fair value of forward foreign exchange contracts and interest rate swaps used to hedge the Trust's foreign net income.

** Foreign currency exposure amounts represent the notional principal amounts payable under derivative contracts used to hedge the Trust's foreign capital. Australian dollar exposure amounts represent the remaining component of fair value of these derivatives, which is not affected by foreign exchange rate movements.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Sensitivity analysis

A 10% movement in the Australian dollar against foreign currencies at 30 June 2008 would have increased/(decreased) profit, distributable earnings and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2007.

	Consolidated Profit \$'m	Consolidated Distributable earnings \$'m	Consolidated Equity \$'m	Parent Profit \$'m	Parent Distributable earnings \$'m	Parent Equity \$'m
30 June 2008						
US dollars						
+ 10%	(127.2)	-	(23.0)	(7.6)	4.2	(13.1)
- 10%	155.5	-	28.1	9.3	(5.1)	16.0
Euros						
+ 10%	(0.5)	-	(0.9)	15.1	16.0	2.9
- 10%	0.7	-	1.1	(18.4)	(19.6)	(3.5)
NZ dollars						
+ 10%	(8.6)	-	(1.1)	(3.8)	(3.1)	3.8
- 10%	10.5	-	1.4	4.6	3.8	(4.6)
30 June 2007						
US dollars						
+ 10%	(153.1)	-	(26.8)	(30.1)	(15.3)	(34.5)
- 10%	187.1	-	27.8	36.7	18.7	42.2
Euros						
+ 10%	0.5	-	0.9	15.2	14.8	0.9
- 10%	(0.6)	-	(0.7)	(18.6)	(18.1)	(1.2)
NZ dollars						
+ 10%	(11.3)	-	(1.2)	(5.6)	(3.9)	5.6
- 10%	13.8	-	1.6	6.9	4.8	(6.9)

A movement in foreign currency exchange rates applied to the net exposures in the table above would result in a change to the net assets of the Trust. In assessing the impact of upward or downward movements in foreign currency exchange rates, a 10% movement in the year end spot rate has been applied. This sensitivity has been used as it reflects management's estimate of the reasonably possible movements which could arise in these foreign exchange rates within the next 12 months, given recent trends. This 10% sensitivity applied to each currency resulted in:

AS/US\$ exchange rate increasing/decreasing by 0.10 cents (2007: 0.08 cents);
AS/€exchange rate increasing/decreasing by 0.06 cents (2007: 0.06 cents); and
AS/NZ\$ exchange rate increasing/decreasing by 0.12 cents (2007: 0.10 cents).

Foreign currency exposure in the Trust arises from the translation of overseas assets and liabilities held by the Trust's foreign entities from the local currency to Australian dollars. Under the Trust's accounting policy (note 1(q)), exchange differences arising on such translations are recognised as part of equity (foreign currency translation reserve). As a result, a movement in foreign exchange rates would have no impact on the Trust's Income Statement.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Sensitivity analysis (continued)

However, the Trust's Income Statement would be affected by changes in the fair value of derivative financial instruments hedging this exposure and the impact of this is presented in the previous table.

As all unrealised foreign exchange gains/losses and changes in the fair value of derivative financial instruments are excluded when determining distributable earnings, a movement in foreign exchange rates does not impact distributable earnings.

The impact on equity includes the combined effect of foreign exchange gains/losses on overseas assets and liabilities recognised in the foreign currency translation reserve and changes in the fair value of derivatives hedging this exposure.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Trust.

The Trust is exposed to interest rate risk predominantly through floating rate borrowings. The Trust manages this exposure on a 'look through' basis including exposures generated by the borrowings of controlled entities and joint venture entities. The Trust applies benchmark hedging bands across its differing interest rate exposures and utilises interest rate swaps to exchange floating interest rates to fixed interest rates as well as entering into fixed rate debt, to manage its exposure between these bands. Compliance with the FRM policy is reviewed regularly by management and is reported to the Board.

The Trust has exposures to interest rate risk on its monetary assets and liabilities, mitigated by the use of interest rate swaps, as shown in the tables below.

Consolidated	Australian dollars		US dollars*		Euros*		NZ dollars*		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Fixed rate										
Interest bearing liabilities - joint venture entities**	-	-	(1,504.4)	(1,693.9)	-	-	-	-	(1,504.4)	(1,693.9)
Cross currency swaps - equity (fixed)***	1,091.2	1,194.2	(895.4)	(1,099.2)	-	-	-	-	195.8	95.0
	1,091.2	1,194.2	(2,399.8)	(2,793.1)	-	-	-	-	(1,308.6)	(1,598.9)
Floating rate										
Cash	16.8	63.2	0.5	10.4	11.1	224.6	1.8	2.1	30.2	300.3
Cash - joint venture entities**	-	-	22.4	48.7	-	-	-	-	22.4	48.7
Interest bearing liabilities****	(453.6)	(450.0)	(59.6)	(48.9)	(557.9)	(230.4)	-	-	(1,071.1)	(729.3)
Interest bearing liabilities - joint venture entities**	-	-	(107.3)	(85.9)	-	-	-	-	(107.3)	(85.9)
Cross currency swaps - debt (floating)***	450.0	450.0	(369.4)	(417.4)	-	-	-	-	80.6	32.6
	13.2	63.2	(513.4)	(493.1)	(546.8)	(5.8)	1.8	2.1	(1,045.2)	(433.6)
Derivative financial instruments										
Interest rate swaps - floating to fixed***	337.5	90.0	313.1	460.0	557.1	565.0	-	-	1,207.7	1,115.0
Interest rate swaps - fixed to floating***	(337.5)	(90.0)	(50.5)	(57.1)	-	-	-	-	(388.0)	(147.1)
	-	-	262.6	402.9	557.1	565.0	-	-	819.7	967.9
Net floating rate exposure	13.2	63.2	(250.8)	(90.2)	10.3	559.2	1.8	2.1	(225.5)	534.3

* Australian dollar equivalents of foreign denominated balances.

** The Trust's share of financial assets and liabilities included within its net investment in joint venture entities.

*** These amounts represent the notional principal payable under the derivative contracts.

**** Unamortised borrowing costs are excluded as they are not impacted by interest rate risk.

The Trust's fixed rate liabilities and net exposure to floating interest rates is included in the table above. The Trust has \$1,045.2 million (2007: \$433.6 million) in floating rate interest bearing liabilities arising predominantly in US dollars and Euros. This is reduced to \$225.5 million (2007: \$534.3 million) by interest rate swaps.

At balance date, the Trust has fixed 90.5% (2007: 126.3%) of its net floating interest rate exposure.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Interest rate risk (continued)

Parent	Australian dollars		US dollars*		Euros*		NZ dollars*		Total	
	2008 \$'m	2007 \$'m	2008 \$'m	2007 \$'m	2008 \$'m	2007 \$'m	2008 \$'m	2007 \$'m	2008 \$'m	2007 \$'m
Fixed rate										
Cross currency swaps - equity (fixed)**	1,091.2	1,194.2	(895.4)	(1,099.2)	-	-	-	-	195.8	95.0
	1,091.2	1,194.2	(895.4)	(1,099.2)	-	-	-	-	195.8	95.0
Floating rate										
Cash	16.8	62.9	0.4	0.8	0.1	0.3	-	-	17.3	64.0
Loans to controlled entities	-	-	304.9	339.1	175.8	162.1	52.6	66.8	533.3	568.0
Interest bearing liabilities***	(453.8)	(450.0)	(59.6)	(48.9)	(134.1)	(157.4)	-	-	(647.5)	(656.3)
Cross currency swaps - debt (floating)**	450.0	450.0	(369.4)	(417.4)	-	-	-	-	80.6	32.6
	13.0	62.9	(123.7)	(126.4)	41.8	5.0	52.6	66.8	(16.3)	8.3
<i>Derivative financial instruments</i>										
Interest rate swaps - floating to fixed**	-	-	260.9	234.0	123.2	565.0	-	-	384.1	799.0
Interest rate swaps - fixed to floating**	(337.5)	(90.0)	-	-	-	-	-	-	(337.5)	(90.0)
	(337.5)	(90.0)	260.9	234.0	123.2	565.0	-	-	46.6	709.0
Net floating rate exposure	(324.5)	(27.1)	137.2	107.6	165.0	570.0	52.6	66.8	30.3	717.3

* Australian dollar equivalents of foreign denominated balances.

** These amounts represent the notional principal payable under the derivative contracts.

*** Unamortised borrowing costs are excluded as they are not impacted by interest rate risk.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(i) Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The table below reflects the potential net increase/(decrease) in the profit, distributable earnings and equity, resulting from a 0.50% change in interest rates applicable at 30 June 2008, with all other variables remaining constant. The analysis is performed on the same basis for 30 June 2007.

	Consolidated Profit \$'m	Consolidated Distributable earnings \$'m	Consolidated Equity \$'m	Parent Profit \$'m	Parent Distributable earnings \$'m	Parent Equity \$'m
30 June 2008						
Australian dollars						
+ 0.50%	(17.0)	0.1	(17.0)	(18.9)	(1.6)	(18.9)
- 0.50%	17.0	(0.1)	17.0	18.9	1.6	18.9
US dollars						
+ 0.50%	13.1	(1.3)	13.1	13.9	(0.8)	13.9
- 0.50%	(13.1)	1.3	(13.1)	(13.9)	0.8	(13.9)
Euros						
+ 0.50%	6.2	0.1	6.2	4.4	(0.1)	4.4
- 0.50%	(6.2)	(0.1)	(6.2)	(4.4)	0.1	(4.4)
NZ dollars						
+ 0.50%	-	-	-	0.3	0.3	0.3
- 0.50%	-	-	-	(0.3)	(0.3)	(0.3)
30 June 2007						
Australian dollars						
+ 0.50%	(21.8)	0.3	(21.8)	(22.8)	(0.1)	(22.8)
- 0.50%	21.8	(0.3)	21.8	22.8	0.1	22.8
US dollars						
+ 0.50%	20.0	(0.5)	20.0	19.5	(1.2)	19.5
- 0.50%	(20.0)	0.5	(20.0)	(19.5)	1.2	(19.5)
Euros						
+ 0.50%	11.5	2.8	11.5	10.7	2.0	10.7
- 0.50%	(11.5)	(2.8)	(11.5)	(10.7)	(2.0)	(10.7)
NZ dollars						
+ 0.50%	-	-	-	0.4	0.4	0.4
- 0.50%	-	-	-	(0.4)	(0.4)	(0.4)

A movement in interest rates applied to the net exposures in the table above would result in a change to the net assets of the Trust. In assessing the impact of upward or downward movements in interest rates, a 0.50% movement in the year end interest rates has been applied. This sensitivity has been used as it reflects management's estimate of the reasonably possible movements in interest rates within the next 12 months, given recent trends.

The effect of a 0.50% change in interest rates on the Trust's net profit and equity shown in the table above is mainly impacted by a change in interest payable on the Trust's floating rate interest bearing liabilities, offset by changes in the fair value of derivative financial instruments hedging this exposure.

In determining distributable earnings, the unrealised change in the fair value of derivative financial instruments is excluded.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk arises if the Trust has insufficient liquid assets to meet its obligations as they become due and payable. It is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Trust were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Trust.

The following table provides the contractual maturity of the Trust's fixed and floating rate financial liabilities and derivatives as at 30 June 2008. The amounts presented represent the future contractual undiscounted principal and interest cash inflows/(outflows) based on interest rates and foreign exchange rates prevailing at balance sheet date and therefore do not equate to the value shown in the Balance Sheet. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated	Book value \$'m	Less than 1 year \$'m	1 to 2 years \$'m	2 to 3 years \$'m	3 to 4 years \$'m	4 to 5 years \$'m	Over 5 years \$'m	Total \$'m
30 June 2008								
Financial liabilities								
Payables	(27.5)	(27.5)	-	-	-	-	-	(27.5)
Interest bearing liabilities	(1,067.9)	(69.9)	(652.8)	(480.5)	-	-	-	(1,203.2)
Derivative financial instruments								
- Contractual amounts payable	(33.1)	(552.1)	(794.9)	(350.7)	(219.9)	(200.5)	(133.0)	(2,251.1)
- Contractual amounts receivable	295.2	688.9	992.2	430.5	268.6	241.3	162.2	2,783.7
Other	(2.3)	(2.3)	-	-	-	-	-	(2.3)
Total financial liabilities	(835.6)	37.1	(455.5)	(400.7)	48.7	40.8	29.2	(700.4)
<i>Joint venture entities</i>								
Interest bearing liabilities	(1,611.7)	(138.4)	(304.0)	(588.9)	(352.7)	(228.0)	(302.2)	(1,914.2)
Total financial liabilities including joint venture entities	(2,447.3)	(101.3)	(759.5)	(989.6)	(304.0)	(187.2)	(273.0)	(2,614.6)
30 June 2007								
Financial liabilities								
Payables	(24.4)	(24.4)	-	-	-	-	-	(24.4)
Interest bearing liabilities	(727.4)	(43.3)	(43.2)	(551.3)	(213.0)	-	-	(850.8)
Derivative financial instruments								
- Contractual amounts payable	(15.3)	(283.6)	(476.8)	(913.4)	(388.8)	(344.1)	(311.9)	(2,718.6)
- Contractual amounts receivable	172.1	321.5	545.8	1,009.4	426.4	378.2	338.0	3,019.3
Other	(0.1)	(0.1)	-	-	-	-	-	(0.1)
Total financial liabilities	(595.1)	(29.9)	25.8	(455.3)	(175.4)	34.1	26.1	(574.6)
<i>Joint venture entities</i>								
Interest bearing liabilities	(1,779.8)	(94.0)	(205.1)	(337.1)	(612.5)	(404.5)	(542.5)	(2,195.7)
Total financial liabilities including joint venture entities	(2,374.9)	(123.9)	(179.3)	(792.4)	(787.9)	(370.4)	(516.4)	(2,770.3)

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Parent	Book value \$'m	Less than 1 year \$'m	1 to 2 years \$'m	2 to 3 years \$'m	3 to 4 years \$'m	4 to 5 years \$'m	Over 5 years \$'m	Total \$'m
30 June 2008								
Financial liabilities								
Payables	(13.8)	(13.8)	-	-	-	-	-	(13.8)
Interest bearing liabilities	(646.1)	(45.9)	(477.5)	(203.8)	-	-	-	(727.2)
Derivative financial instruments								
- Contractual amounts payable	(33.0)	(506.1)	(763.2)	(350.7)	(219.9)	(200.5)	(133.0)	(2,173.4)
- Contractual amounts receivable	286.1	638.3	957.2	430.5	268.6	241.3	162.2	2,698.1
Other	(0.6)	(0.6)	-	-	-	-	-	(0.6)
Total financial liabilities	(407.4)	71.9	(283.5)	(124.0)	48.7	40.8	29.2	(216.9)
30 June 2007								
Financial liabilities								
Payables	(11.6)	(11.6)	-	-	-	-	-	(11.6)
Interest bearing liabilities	(654.4)	(39.8)	(39.7)	(474.7)	(213.0)	-	-	(767.2)
Derivative financial instruments								
- Contractual amounts payable	(13.4)	(245.4)	(446.2)	(889.4)	(388.8)	(344.1)	(311.9)	(2,625.8)
- Contractual amounts receivable	167.0	281.1	514.7	986.3	426.4	378.2	338.0	2,924.7
Other	(0.1)	(0.1)	-	-	-	-	-	(0.1)
Total financial liabilities	(512.5)	(15.8)	28.8	(377.8)	(175.4)	34.1	26.1	(480.0)

The amount of credit facilities unused by the Trust at 30 June 2008 is \$78.5 million (2007: \$391.7 million). Refer Note 22. In addition, the amount of credit facilities unused by joint venture entities of the Trust at 30 June 2008 is US\$9.5 million (\$9.9 million) (2007: US\$11.4 million; \$13.4 million).

(iii) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contract and cause the Trust to make a financial loss. The Trust has exposure to credit risk on all of its financial assets included in the Trust's Balance Sheet.

The Trust manages its risk on tenant receivables by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on any tenant arrears.

In respect of risk on financial instruments and derivatives, there is only a credit risk where the contracting entity is liable to pay the Trust in the event of a close out. The Trust has policies that limit the amount of credit exposure to any financial institution where practical and commercially appropriate. Derivative counterparties and cash transactions are limited to investment grade counterparties in accordance with the Trust's FRM policy. The Trust monitors the public credit rating of its counterparties.

The Trust has policies to review the aggregate exposures of receivables and tenancies across its portfolio. The Trust has no significant concentrations of credit risk on its receivables. At 30 June 2008, the largest individual lease represents 1.4% (2007: 0.3%) of the total portfolio income including income generated by US joint venture entities. The Trust holds collateral in the form of security deposits or bank guarantees over some receivables where appropriate.

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(iii) Credit risk (continued)

The table below details the concentration of credit exposure of the Trust's assets to significant geographical locations:

	Consolidated 2008 \$'m	Consolidated 2007 \$'m	Parent 2008 \$'m	Parent 2007 \$'m
Australia				
Cash and cash equivalents	17.3	64.0	17.3	64.0
Receivables	7.3	12.6	7.3	12.6
Derivative financial instruments	289.8	167.0	286.1	167.0
	314.4	243.6	310.7	243.6
United States				
Cash and cash equivalents	0.1	9.7	-	-
Receivables	-	8.1	-	-
Derivative financial instruments	0.7	5.1	-	-
	0.8	22.9	-	-
Europe				
Cash and cash equivalents	11.0	224.4	-	-
Receivables	3.4	0.4	-	-
Derivative financial instruments	4.7	-	-	-
	19.1	224.8	-	-
New Zealand				
Cash and cash equivalents	1.8	2.2	-	-
Receivables	0.3	1.6	-	-
	2.1	3.8	-	-
	336.4	495.1	310.7	243.6
<i>Joint venture entities</i>				
Cash and cash equivalents	22.4	48.7	-	-
Receivables	32.5	21.4	-	-
Total financial liabilities including joint venture entities	391.3	565.2	310.7	243.6

MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

32. Capital and financial risk management (continued)

(b) Financial risk management (continued)

(iii) Credit risk (continued)

The interest bearing assets held by the parent are loans to other entities in the Trust. All cash, derivative financial instruments and interest bearing assets are neither past due nor impaired. The table below shows the ageing analysis of those receivables of the Trust and its joint venture entities which are past due or impaired:

	Past due but not impaired				Impaired \$'m	Total \$'m
	Less than 30 days \$'m	31 to 60 days \$'m	61 to 90 days \$'m	More than 90 days \$'m		
Consolidated						
2008						
Receivables - Australia	0.4	-	-	-	0.3	0.7
Receivables - New Zealand	-	-	-	-	0.1	0.1
Receivables - Europe	1.2	0.2	-	-	0.3	1.7
	1.6	0.2	-	-	0.7	2.5
Receivables - joint venture entities	1.6	0.9	1.3	2.3	1.5	7.6
	3.2	1.1	1.3	2.3	2.2	10.1
2007						
Receivables - Australia	4.1	0.6	0.3	1.6	0.6	7.2
Receivables - New Zealand	0.1	0.2	0.1	0.3	-	0.7
	4.2	0.8	0.4	1.9	0.6	7.9
Receivables - joint venture entities	2.1	1.1	1.9	1.2	1.5	7.8
	6.3	1.9	2.3	3.1	2.1	15.7
Parent						
2008						
Receivables - Australia	0.4	-	-	-	0.3	0.7
	0.4	-	-	-	0.3	0.7
2007						
Receivables - Australia	4.1	0.6	0.3	1.6	0.6	7.2
	4.1	0.6	0.3	1.6	0.6	7.2

Based on a review of receivables by management, a provision of \$2.2 million (2007: \$2.1 million) has been provided against rent receivables with a gross balance of \$10.1 million (2007: \$15.7 million).

The Trust holds collateral against the impaired receivables in the form of bank guarantees and security deposits, however, these are not material. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

33. Commitments and contingent liabilities

The Trust has entered contracts for the construction and development of properties in Australia and New Zealand. The maximum total commitment of the Trust is \$26.0 million (2007: \$132.5 million). These commitments have not been reflected in the financial statements of the Trust.

Unless otherwise disclosed in the financial statements, there have been no material changes to the Trust's commitments or contingent liabilities since the last financial report.

**MACQUARIE COUNTRYWIDE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

34. Events occurring after reporting date

Subsequent to year end, the Trust signed an unconditional contract to sell its Seaford Plaza shopping centre in Adelaide for a gross price of \$72.0 million. This disposal is scheduled to settle on 1 October 2008 and will realise a loss on disposal of \$4.1 million including disposal costs.

In August 2008, the Trust closed out a US\$237.5 million cross currency swap, realising a gain of \$10.1 million. Subsequent to this transaction, the Trust has revised its hedging policy from 90-100% of all foreign currency gross assets to 70-100% of all foreign currency gross assets. The policy change has not resulted in any action and, as such, the financial impact of the change cannot be reliably estimated.

A distribution of 7.20 cents per unit has been declared by the Board of Directors. The total distribution amount of \$97.7 million will be paid on 27 August 2008 in respect of the half year ended 30 June 2008.

The directors of the Manager are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the financial years subsequent to the year ended 30 June 2008.

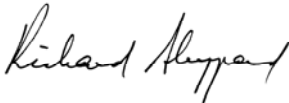
**MACQUARIE COUNTRYWIDE TRUST
DIRECTORS' DECLARATION TO UNITHOLDERS**

In the opinion of the Directors of Macquarie CountryWide Management Limited:

- (a) the financial statements and notes set out on pages 9 to 57 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations, their changes in equity and their cash flows, for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



W Richard Sheppard

Sydney
26 August 2008

**Independent auditor's report to the members of
Macquarie CountryWide Trust**

**PricewaterhouseCoopers
ABN 52 780 433 757**

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Report on the financial report

We have audited the accompanying financial report of Macquarie CountryWide Trust (the registered scheme), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Macquarie CountryWide Trust and the Macquarie CountryWide Trust Group (the consolidated entity). The consolidated entity comprises the registered scheme and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Macquarie CountryWide Management Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes, comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

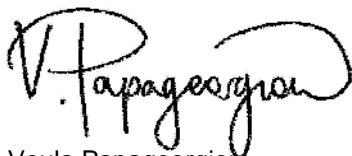
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Macquarie CountryWide Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the registered scheme's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).


PricewaterhouseCoopers



Voula Papageorgiou
Partner

Sydney
26 August 2008