



MACQUARIE

Macquarie Goodman

Macquarie Goodman Group

European development platform: Eurinpro

25 May 2006



Executive summary

- ▶ Macquarie Goodman Group (**Macquarie Goodman**) has agreed to acquire Eurinpro International SA (**Eurinpro**)
 - ▶ Eurinpro is a leading pan European developer of logistics property – completed over €850 million of logistics property
 - ▶ Provides Macquarie Goodman with the people and capability to replicate the Customer Service Model in Europe – 90+ people in 10 countries
 - ▶ Eurinpro provides a pipeline of highly sought after acquisition opportunities for a planned European fund
 - ▶ Net acquisition price of €352 million¹ (6.2x CY06 forecast operating profit)
 - ▶ Acquisition to be partially funded via a A\$350 million institutional placement, a Security Purchase Plan (**SPP**) and a A\$174 million issue of escrowed MGQ securities to the vendors
 - ▶ Acquisition provides proforma 8% EPS accretion over FY07 broker consensus²
1. *Net of working capital*
 2. *FY07 EPS post 31.5cps relative to current broker consensus FY07 EPS (pre revaluations and other IFRS adjustments) forecast of 29.2cps (Source: Bloomberg)*

Note: presentation assumes a AUD/EUR exchange rate of 0.59



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Section 1

The European opportunity



The European opportunity

- ▶ Macquarie Goodman and Arlington have identified Europe as a key opportunity
 - ▶▶ One of the largest logistics markets globally – serves 450 million people
 - ▶▶ Logistics property market remains highly fragmented

European distribution areas



Source: Cushman & Wakefield



The European opportunity

Logistics property drivers



- ▶ In addition to expected growth in European development activity significant opportunity exists to gain market share
 - ▶ Eurinpro is a leading developer of pre-committed logistics property with a market share of approximately 8%
 - ▶ Few pan European competitors (ProLogis and Gazeley active in some markets)
 - ▶ Eurinpro business plan forecasts 390,000m² of development pre-commitments in CY06 v Macquarie Goodman Australian commitments of approximately 500,000m²



The European opportunity

- ▶ Eurinpro is a highly strategic acquisition for Macquarie Goodman

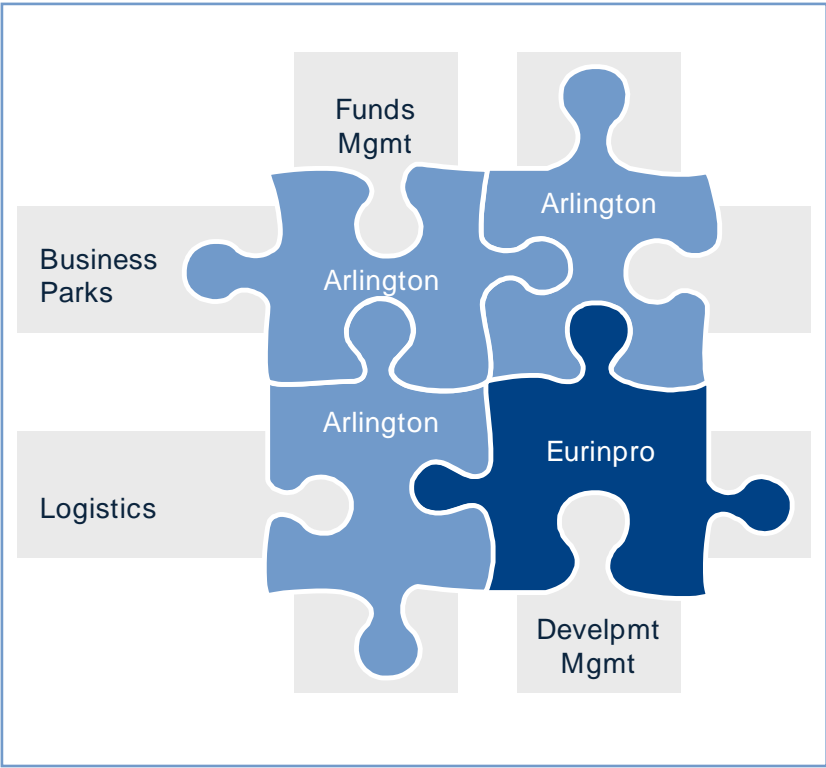
Instant scale & product pipeline	<ul style="list-style-type: none"> ▶ Market leading development business in fragmented market ▶ Expect €250 million + of development product annually
Quality team	<ul style="list-style-type: none"> ▶ Over 90 staff across 10 countries ▶ Multi-lingual with strong English skills ▶ Vertically integrated across the development and delivery skill set ▶ Knowledge of customers key requirements
Low risk model	<ul style="list-style-type: none"> ▶ Primarily development on a pre-committed basis ▶ Land sourced through option arrangements rather than speculative landbanking ▶ Fixed price construction contracts with minimal residual liability ▶ Strong in-house technical and risk management expertise
Customer relationships	<ul style="list-style-type: none"> ▶ Customer centric business model ▶ Deep relationships with large logistics companies ▶ History of repeat business
Unlocks opportunities	<ul style="list-style-type: none"> ▶ Strengthens the outlook for proposed European logistics fund ▶ Sale and lease back opportunities via customer relationships ▶ Provides capability to develop European projects for existing Macquarie Goodman customers ▶ Leverage Eurinpro's development expertise into the UK logistics market



Completes UK/European platform

- ▶ Combined Arlington / Eurinpro platform is a UK/European logistics leader

'Total solutions' across UK/Europe



Major market coverage



Note: Eurinpro also has representative offices in Japan and the USA



Section 2

Eurinpro overview



Eurinpro background

- ▶ Eurinpro is a leading pan-European developer of tailor made logistics real estate
 - ▶▶ Total of 1,200,000 m² completed with a total value of circa €850 million
- ▶ Vertically integrated business covering all aspects of development process
 - ▶▶ Projects de-risked through lease pre-commitments and outsourced fixed price construction contracts
- ▶ Customer centric business model with developments based on tenant pre-commitments
 - ▶▶ Currently has 455,159 m² of logistics real estate recently completed or under development
 - ▶▶ Strong relationships with large logistics space users
- ▶ Offices in 8 European countries and representative offices in Japan and the US
 - ▶▶ Over 90 staff
- ▶ Recent ramp up in activity driven by expansion into new markets
- ▶ CY06 forecast operating profit of €57.3 million
 - ▶▶ 85% of CY06 profit has been contracted

Eurinpro business plan

	CY05A	CY06
Rental contracts signed (m ²)	280,000	390,000
Operating profit (€ million)	27.7	57.3



Customer driven approach

- ▶ The Eurinpro business model is predicated on providing total end-to-end tailor made solutions to their customers
- ▶ Primarily develop after having secured the customer
- ▶ At the best price: generally able to provide solutions at a discount to competitors through a combination of
 - ▶▶ In-house capabilities and knowledge of the construction process
 - ▶▶ Expertise in sourcing optimal locations and managing the permit process
 - ▶▶ Experience with the investment market



Sample developments



Location: Carrières-sur-Seine, France (14,130m²)



Location: Wommelgem, Belgium (24,099 m²)



Location: Combs-La-Ville, France (24,000 m²)

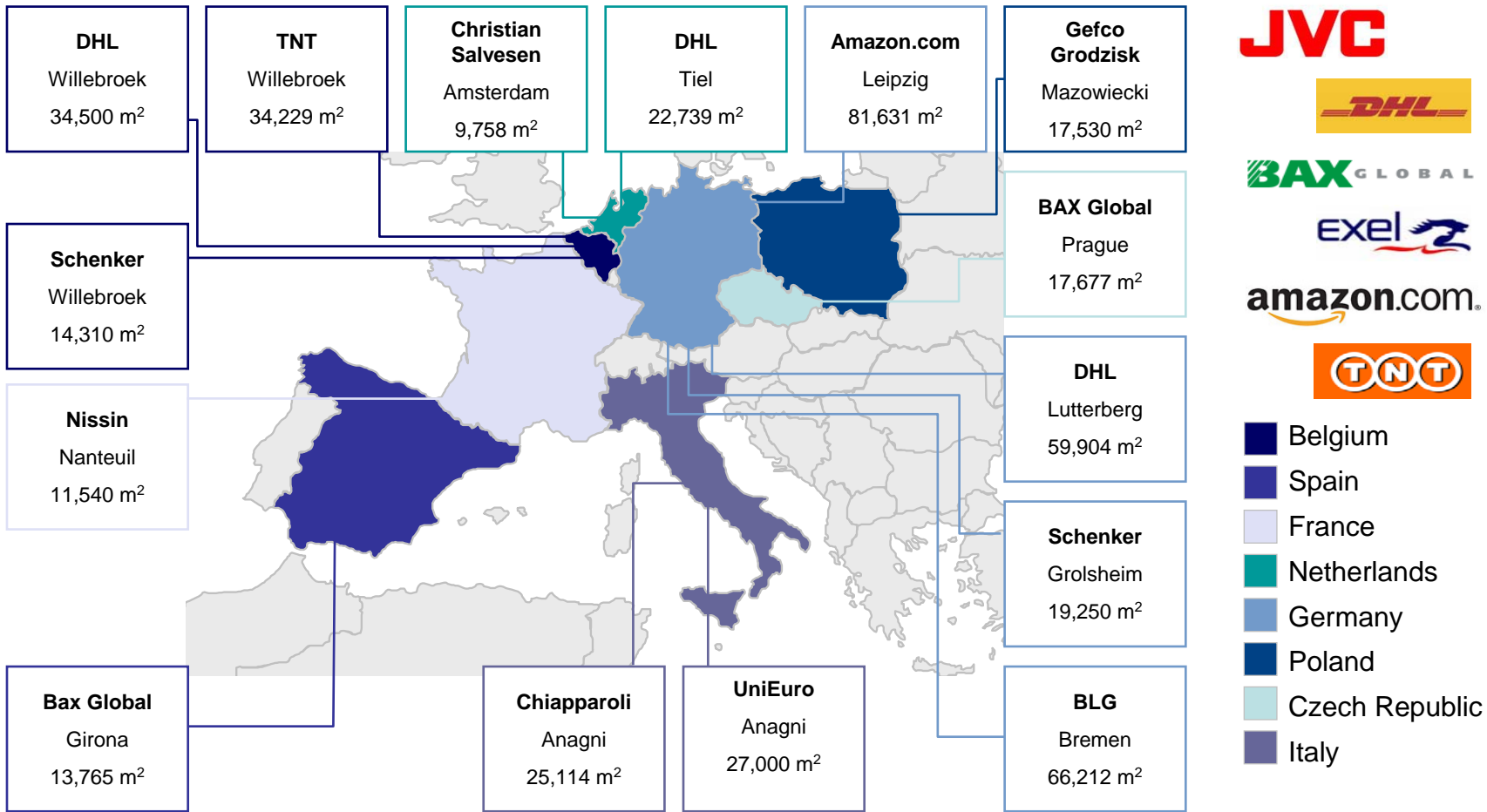


Location: Tilberg, the Netherlands (80,874 m²)

Current development pipeline

- ▶ Well established customer base – leading names among logistics providers, retailers and manufacturers
- ▶ Potential deal pipeline of 2.2m m² under consideration with 500,000 m² highly prospective

Development pipeline – 455,159m²



Experienced management team



Chief Executive and Chairman of Board:
Bart Verhaeghe



Prior to joining Eurinpro, Bart worked as a corporate finance adviser at KPMG Management Consulting and as a Vice General Director of the Walibi Group

Chief Technical Officer:
Eddy Huysmans



Joined Eurinpro in 1993 and held different management positions in Logistics, Industrial construction and Project Development. Prior work experience includes senior level posts within Verilpack, Decauville, Europartners-RWE.

Chief Financial Officer:
Francis Hendrickx



In addition to the CFO role is jointly responsible for Eurinpro's Real Estate Investment Bank with Jan van Lancker. Gained prior experience at Generale Bank's Investment Banking Division

General Counsel:
Jan van Lancker



Responsible for all of Eurinpro's business supporting departments and jointly responsible for Eurinpro's Real Estate Investment Bank. Previously a partner at Linklaters where he handled transactions involving REITs, M&A, IPOs, JVs and private placements

Chief Operations Officer:
Danny Peeters



Joined Eurinpro in 2000. Specialised in the designing, engineering, implementation and outsourcing of pan-European supply chain strategies for companies including Becton Dickinson & Pioneer Electronics. Prior to Eurinpro, worked as a business development manager for NYK Logistics.



Management depth

- ▶ 90+ staff spread across key European markets with depth across business functions
- ▶ Development managers located ‘in country’ maximising knowledge of local operating conditions
- ▶ Strategy of recruiting logistics professionals with deep knowledge of customer requirements and construction processes

Employees by location and function

	Board	Development/ Project Management	Legal / Finance	Support	TOTAL
Luxembourg / Belgium	5	20	20	13	58
France		4	1		5
Germany		8	1		9
Italy		4	1		5
Japan		3			3
Poland		4			4
Spain		2			2
The Netherlands		4			4
USA		1			1
TOTAL	5	50	23	13	91



Section 3

Acquisition summary



Acquisition due diligence process

- ▶ Macquarie Goodman conducted a detailed due diligence of the Eurinpro business over a 5 week period
 - ▶▶ Key members of Macquarie Goodman and Arlington management travelled to Europe to review the business
- ▶ In addition, third party advisers were engaged to assist with the due diligence process
- ▶ The due diligence process did not highlight any material concerns

Accounting	<ul style="list-style-type: none"> ▶ Detailed review of the CY06 financial forecasts ▶ CY05 audited accounts review and auditor interviews
Legal	<ul style="list-style-type: none"> ▶ Detailed review of corporate structure, all project contracts, property ownership and employment agreements ▶ Acquisition to be via a share purchase agreement with standard management warranties
Human Resources	<ul style="list-style-type: none"> ▶ No significant risk issues relating to contractual arrangements ▶ Strong focus on formal process and 'back of house' systems ▶ Staff retention through deferred payment arrangements and issue of MGQ options
Tax	<ul style="list-style-type: none"> ▶ Detailed reviews of tax planning and tax position ▶ General tax warranties from management
Projects	<ul style="list-style-type: none"> ▶ Current workbook inspected by senior Macquarie Goodman and Arlington personnel ▶ Independent verification of current workbook ▶ Review of outstanding proposals and financial parameters



Consideration package

- ▶ The offer package for the Eurinpro shareholders has been structured to align the interests of management shareholders with Macquarie Goodman
 - ▶ Shareholders entitled to €400 million¹ plus further upside for management shareholders via a cash earn out payment
 - ▶ Eurinpro employees eligible for Macquarie Goodman long term incentive plan
 - ▶ All shareholders have agreed to a 3 year non-compete for similar business in current markets

Macquarie Goodman Scrip	€102.5m	<ul style="list-style-type: none"> ▶ Escrowed for 1 to 2 years ▶ Un-escrowed scrip forfeited if non compete is breached
Cash on closing	€250m	
Deferred cash	€47.5m	<ul style="list-style-type: none"> ▶ Payable in 1 to 2 years
Earn out payment		<ul style="list-style-type: none"> ▶ Cash payment equal to 8.5x average operating profit for CY06 to CY08 in excess of the €57.3m CY06 forecast * 35% ▶ Pro-rated and paid to those entitled on 31 May 2009 ▶ Conditional on remaining involved with Macquarie Goodman

1. Including working capital of €48 million

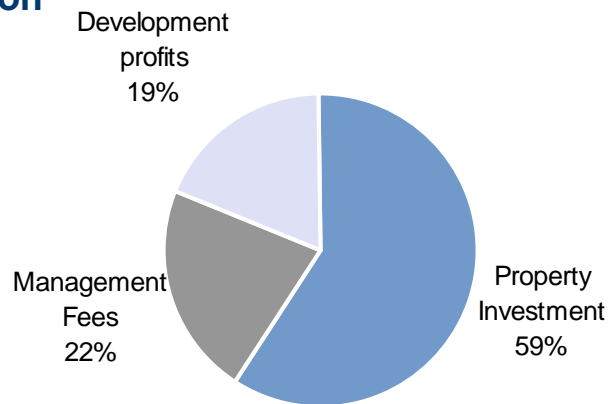


Financial impact

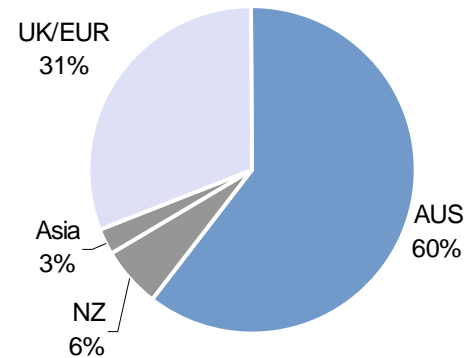
- ▶ Acquisition of Eurinpro expected to provide 8% proforma FY07 EPS accretion to broker consensus of 29.2cps¹
 - ▶▶ Reflects 18% growth for FY07 over forecast FY06 EPS of 26.7cps¹
- ▶ Anticipated Eurinpro annual earnings growth underpins the group's medium to long term annual earnings growth target of +6%
- ▶ Annuity style recurring earnings remain approximately 80% of group EBITDA
- ▶ Increasing contribution from UK/Europe to 31% provides greater diversification of earnings
- ▶ Proportion of earnings uplift to be distributed (distribution policy to be reviewed by Macquarie Goodman board)
- ▶ Group gearing on a consolidated basis of 33% post transaction and equity raising
- ▶ NTA post transaction and equity raising of \$1.74

FY07 EBITDA splits

Division



Geographic



1. EPS pre revaluations and other IFRS adjustments (Source: Bloomberg)

Note: assumes equity issued at underwritten floor price of \$4.95

Acquisition overview

- ▶ Macquarie Goodman plans to raise A\$350m via an institutional placement
 - ▶▶ Pricing to be determined by a bookbuild within a range of \$4.95 to \$5.10
 - ▶▶ Goodman Holdings and Macquarie Bank will subscribe for their pro-rata entitlements at the 'clearing' price
 - ▶▶ Offer fully underwritten by Macquarie Equity Capital Markets and JPMorgan
- ▶ Further, Macquarie Goodman securityholders will have the ability to participate by way of a Securityholder Purchase Plan (SPP)
 - ▶▶ Securities issued under the SPP at the same price as the placement (expected to raise A\$50m)
- ▶ Securityholder meeting scheduled to
 - ▶▶ Refresh Macquarie Goodman placement capacity
 - ▶▶ Approve issue of securities to Goodman Holdings under the institutional placement

Sources and uses (at settlement)

Sources	A\$m	Uses	A\$m
Equity issued to Eurinpro shareholders	174	Business acquisition (at settlement)	515
Institutional placement and SPP ¹	400	Working capital	81
Existing debt facilities	81	Transaction taxes and acquisition costs	59
Total	655	Total	655

1. SPP of A\$50m

Note: Excludes deferred cash consideration



Institutional placement

Prior day VWAP ¹		\$5.03
Five day VWAP		\$5.12
Bookbuild range ²	\$4.95	\$5.10
Issue discount to prior day VWAP / Five day VWAP (at minimum price)		1.6% / 3.3%
Number of new securities	70.7 m	68.6 m

- ▶ **Amount raised:** A\$350 million via institutional placement
 - ▶▶ Price to be determined via an institutional bookbuild – range of \$4.95 to \$5.10
- ▶ **Ranking:** New securities will rank pari passu. New securities entitled to distribution for June 2006 quarter

	Pre	Post ³
Market capitalisation	\$7.4bn	\$7.8bn
S&P/ASX 200 Property Index	7.5%	7.8%
Gearing (debt/total assets)	36% ⁴	33%
FY07 EPS	29.2cps ⁵	31.5cps

1. 24 May 2006
2. New securities will rank pari passu
3. Assumes minimum application price of \$4.95
4. Gearing pre at 31 December 2005
5. Bloomberg broker consensus estimate



Transaction timetable

Offer to Institutional investors opens (11.00 am)	25 May 2006
Offer to domestic Institutional investors closes (6.00pm)	25 May 2006
Offer to international investors closes (10.00pm)	25 May 2006
DvP settlement of Institutional Offer	31 May 2006
Normal trading of placement securities	1 June 2006
Completion and settlement of Eurinpro acquisition	1 June 2006
Record date for SPP	6 June 2006

- ▶ Macquarie Bank acted as sole financial adviser to Macquarie Goodman
- ▶ Institutional placement underwritten by Macquarie Equity Capital Markets and JPMorgan



Section 4 Recap



Recap

- ▶ Macquarie Goodman has agreed to acquire Eurinpro
- ▶ Eurinpro is a leading pan European developer of logistics property – completed over €850 million of logistics property
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Appendices



Appendix A – Sample developments

Sample developments



Project	Description
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Bax Global Prague



Bax Global required a central European distribution centre and Eurinpro developed them a 17,677m² facility:

- ▶ 15 km away from Prague city centre
- ▶ Along the D1-highway, the 'backbone' of the Czech Republic
- ▶ Situated in the South-east of Prague, in the direction of Brno and thus on the main logistics axis of the Czech Republic







Exel Wommelgem



To match its rapid growth, Exel approached Eurinpro for a new distribution centre to be located in the Antwerp region so that Exel could remain close to its suppliers and personnel. After only a six month period a new 22,000m² distribution centre was delivered ready for occupation to Exel.

Sample developments

Project	Description
	<p>TNT Logistics</p>  <p>When TNT Logistics took over Grundig's logistics in France, Grundig wanted to move out of its offices in Meaux. TNT Logistics relied on Eurinpro to offer it a flexible solution. It took over the Meaux-building and rented it out to Kärcher. In Combs-La-Ville, Eurinpro constructed a 22,000 m² warehouse for TNT Logistics</p>
	<p>Sony Tilburg</p>  <p>For Sony to centralize its logistics activities, it needed two warehouses in Europe. For northern Europe, Sony entrusted Eurinpro to develop a 80,000 m² distribution centre. Eurinpro performed a location study which found that for Sony's incoming and outgoing distribution flows, Tilburg was the most strategic location to serve Sony's main markets in this part of Europe</p>

Sample developments

Project	Description
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JVC Boom



The Boom logistics hub has access both by road and water. The presence of the Antwerp-Brussels-Charleroi canal allows the delivery of containers, via canal transport, from the port of Antwerp up to the JVC warehouse. The original warehouse measured 18,000 m², but JVC's satisfaction with the high quality construction led to an extension of another 5,000 m²



Ingram Micro Lomme



Ingram Micro needed a flexible solution that would meet its rapid growth. Eurinpro constructed a 20,000 m² warehouse at a site next to Lille, in the north of France. One year later, the warehouse was expanded with another 10,000 m². Eurinpro controlled the adjacent plot of land enabling further expansion

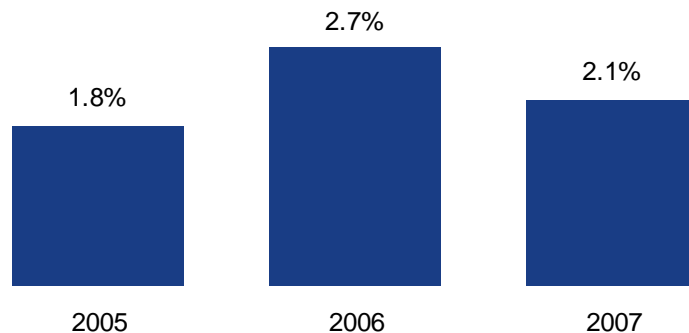


Appendix B – European logistics overview

European logistics markets

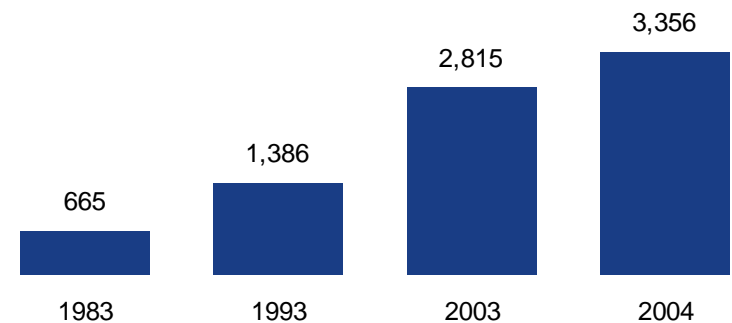
- ▶ European GDP growth is forecast to continue to recover with an improving growth outlook
 - ▶▶ Improving growth outlook expected in Germany with improving business and consumer sentiment
 - ▶▶ Central and Eastern European growth expected to show ongoing strength
- ▶ European merchandise trade has exhibited strong growth over the last decade with an 8% CAGR to 2004
- ▶ Internationalisation of trade and manufacturing to further spur demand for new warehousing
- ▶ Recurring non-cyclical demand as obsolete assets and technology changes drive demand for new development

European GDP growth forecast



Source: *Economic Research Indicators, April 2006*

European merchandise trade €bn



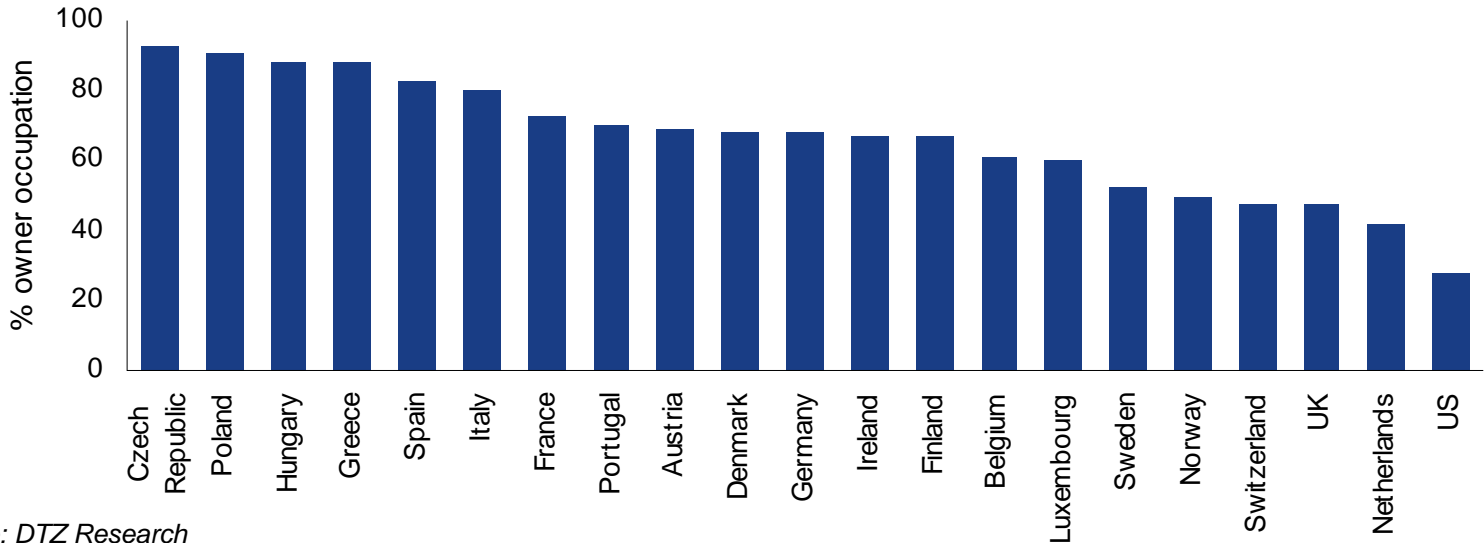
Source: *WTO, International Trade Statistics 2005*



European logistics markets

- ▶ Corporate cost consciousness and capital efficiency drives have assisted in the growth in the 3PL market
 - ▶ Significant scope for continued logistics outsourcing with high levels of owner occupation in the Eurozone (~68%)
 - ▶ Logistics outsourcing to single service provider a goal for many global manufacturers and retailers
- ▶ Trend towards centralisation of distribution in Europe
- ▶ Previous barriers to cross-border transaction removed and centralisation drive to cost efficiencies
- ▶ Logistics sector consolidation and need for pan-European logistics solutions to service global customer base fuels requirements for new modern facilities

European v US outsourcing levels – Commercial real estate 2002



Source: DTZ Research



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