



Goodman Hardie

ISSUED BY

Goodman Hardie

Management

Australia Limited

(ABN 48 067 796 641)

as Responsible Entity for

Macquarie Goodman

Industrial Trust

(ARSN 091 213 839)

(formerly Goodman Hardie

Industrial Property Trust)



Macquarie Goodman Industrial Trust
(formerly Goodman Hardie Industrial
Property Trust)

THIS DOCUMENT IS IMPORTANT

If you do not understand it or are in any doubt about the action to be taken, you should consult your stockbroker, accountant, investment adviser or other professional adviser immediately.

This Notice of Meeting and Explanatory Memorandum is dated 28 September 2000.

Contents

Section 1	Letter to Unitholders	2
Section 2	Notice of Meeting	4
Section 3	Action Required by Unitholders	7
Section 4	Answers to Common Questions	8
Section 5	The Proposals	10
Section 6	The Merged Property Portfolio	20
Section 7	Macquarie Goodman (formerly Goodman Hardie) and the Responsible Entity	36
Section 8	Financial Information	40
Section 9	Independent Accountant's Report	45
Section 10	Independent Expert's Report – Summary	49
Section 11	Taxation Report	55
Section 12	Additional Information	59
Section 13	Glossary	65

KEY DATES⁽¹⁾

Last date and time for lodgement of your Proxy Form	Sunday, 22 October 2000 at 11.30 am
Record date and time for voting entitlement	Sunday, 22 October 2000 at 11.30 am
Meeting of Macquarie Goodman (formerly Goodman Hardie) Unitholders	Tuesday, 24 October 2000 at 11.30 am
Implementation date ⁽²⁾	Wednesday, 1 November 2000
Allotment and issue of the new units	Wednesday, 1 November 2000
Anticipated quotation of new units	Monday, 6 November 2000

Notes:

⁽¹⁾ These dates and times are indicative only and may change. The Responsible Entity reserves the right to amend the timetable. All references are to Sydney time.

⁽²⁾ Implementation of the Proposals is conditional on Unitholder approval in Macquarie Goodman (formerly Goodman Hardie) and Macquarie Industrial Trust and other conditions described in this Notice of Meeting and Explanatory Memorandum.

Charts, diagrams and data appearing in this Notice of Meeting and Explanatory Memorandum are based on information as at 1 September 2000, unless otherwise stated.

Financial Adviser

Co-Financial Adviser

Legal Adviser

Independent Accountant

Independent Expert



Allen Allen & Hemsley





Notice of Meeting and Explanatory Memorandum

For a meeting of Unitholders to be held at the Radisson Plaza Hotel, Marble Rooms 1 and 2, 66 Pitt Street, Sydney, NSW on 24 October 2000 at 11:30 am





28 September 2000

Dear Unitholder

On 14 August 2000, a major partnering with the Macquarie Bank Group was announced. This represents a major step forward in the growth of the trust and the potential returns for our investors. The various transactions are set out below:

- Macquarie Bank has taken a placement of 32 million units, representing 8.2% of units on issue in the trust;
- Goodman Hardie Industrial Property Trust (“Goodman Hardie”) has been renamed Macquarie Goodman Industrial Trust (“Macquarie Goodman”), reflecting the partnering with the Macquarie Bank Group;
- it is proposed to merge Macquarie Goodman (formerly Goodman Hardie) with Macquarie Industrial Trust (“MIP”) to form Australia’s largest listed sector specific industrial property trust;
- it is proposed to adopt a fee arrangement for the Responsible Entity that better aligns the interests of investors and the Responsible Entity; and
- in a separate transaction that reinforces the alliance with the Macquarie Bank Group, it is intended that the Macquarie Bank Group will hold approximately 40% of Triden Corporation Limited (“Triden”), the parent company of the Responsible Entity of Macquarie Goodman.

The proposals outlined above, as well as other proposals to approve previous issues of units and the Distribution Reinvestment Plan, are set out below.

In order to implement the partnering, your Responsible Entity has called a meeting of Unitholders for 11:30 am (Sydney time) on 24 October 2000 at which it will put to you a number of proposals. This booklet contains the Notice of Meeting and Explanatory Memorandum for those proposals. You should read all of the Explanatory Memorandum to fully understand the proposals.

PROPOSAL TO MERGE MACQUARIE GOODMAN AND MIP

MIP is currently the fifth largest listed industrial property trust, having a market capitalisation of approximately \$277 million (using the volume weighted average price from 1 July 2000 to 13 August 2000), and like Macquarie Goodman, has a strong and focused management team.

Under the Merger Proposal, MIP Unitholders will receive 0.81 Macquarie Goodman units for each MIP unit.

THE RESPONSIBLE ENTITY’S FEE PROPOSAL

The Responsible Entity is presently entitled to a management fee of 0.70% per annum of the gross asset value of Macquarie Goodman, payable monthly.

It is proposed to amend the management fee structure so that the interests of investors and the Responsible Entity are more closely aligned. The proposed amendment will result in a lower base fee, together with a Performance Fee reflecting the performance of Macquarie Goodman relative to its peers. In situations where the performance of the trust is consistent with, or less than, its peers, the Responsible Entity’s remuneration will be less than its present entitlement and where the trust outperforms its peers, the Responsible Entity will share in the out-performance.

OTHER PROPOSALS

Goodman Hardie Management Australia Limited (“GHMAL”) is seeking your approval and ratification of previous issues of units under the Distribution Reinvestment Plan (“DRP”) and the placement of 32 million units in Macquarie Goodman to Macquarie Bank. It is also requesting that Unitholders approve the DRP.

BENEFITS OF THE MERGER PROPOSAL AND RESPONSIBLE ENTITY’S FEE PROPOSAL

The major benefits of implementing these proposals include:

Enhanced strategy

The merged trust will have a very large tenant base, which presents an opportunity to enhance our strategy of adding value for investors. Our aim is to have a strong customer focus and to become the major service provider to corporate Australia for its industrial and business park requirements. We will utilise the merged tenant/asset base to support new acquisitions and developments to further add value for investors.

Increased distributions

If the Proposals are implemented, annualised distributions per unit are forecast to increase 10.3% from 10.7 cents per unit to 11.8 cents per unit for the period ending 30 June 2001.

Increase in the value of units

The price of units has increased since announcing the Proposals. From the date of announcing the Proposals on 14 August 2000 to 1 September 2000, the volume weighted average price of a Macquarie Goodman Unit was \$1.33. Prior to announcing the Proposals, the volume weighted average price was \$1.23 per unit (from 1 July 2000 to 13 August 2000).

Sector specific trust

The merged trust will be the largest listed sector specific industrial property trust, and should attract investors looking for a listed industrial property investment.

Enhanced management team

The Chief Executive Officer of MIP will join the management team of Macquarie Goodman.

Increased market capitalisation

The merged trust is anticipated to have a market capitalisation of over \$800 million, establishing the entity as the largest industrial property trust listed on the ASX. It is anticipated that the increased market capitalisation and index weighting of the merged trust will stimulate demand for units and increase liquidity in the units.

Portfolio diversification

The underlying property portfolio will experience an increase in the average lease term from 4.7 years to 5.4 years and greater diversification by asset type, location and tenant. These factors reduce risk to the trust’s earnings.

The principal benefits of, and arguments against, the Proposals are more fully explained in Section 5.

INDEPENDENT EXPERT’S REPORT

This booklet contains a summary of a report prepared by BDO Corporate Finance Pty Limited, as an independent expert for Macquarie Goodman Unitholders. **The Independent Expert considers each of the Merger Proposal and the Responsible Entity’s Fee Proposal to be fair and reasonable to Macquarie Goodman Unitholders. Further, the Independent Expert is of the opinion that each of these proposals is in the best interests of Unitholders and recommends that Unitholders vote in favour of each of the Merger Proposal and the Responsible Entity’s Fee Proposal.** A copy of the summary report is contained in Section 10.

MEETING OF UNITHOLDERS

In order for the Proposals to be implemented, Unitholders are required to approve the Resolutions that are set out in the Notice of Meeting in Section 2.

Implementation of the Merger Proposal and the Responsible Entity’s Fee Proposal is dependent on approval by MIP Unitholders at a separate meeting to be held on the same day. Implementation of these two proposals is also subject to shareholders in Triden approving the acquisition of approximately 40% of the issued share capital of Triden by Macquarie Bank.

It is very important that you vote on the Resolutions either in person at the meeting of Unitholders or by completing and returning your personalised Proxy Form before 11:30 am (Sydney time) on Sunday, 22 October 2000.

GHMAL RECOMMENDS THAT YOU VOTE “FOR” EACH OF THE RESOLUTIONS

		FOR	AGAINST	ABSTAIN
Resolution 1:	Merger Proposal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2:	Responsible Entity’s Fee Proposal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3:	Proposal to Ratify Previous Issues of Units	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4:	Proposal to Approve the Distribution Reinvestment Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For an outline of what you need to do regarding the Proposals, please see Section 3.

We look forward to continuing to deliver strong returns to Unitholders.

Yours faithfully

Goodman Hardie Management Australia Limited



Robert Marich
Chairman



2. Notice of Meeting

Notice is given that a meeting of the Unitholders of Macquarie Goodman Industrial Trust (ARSN 091 213 839) will be held at:

Time: 11:30 am (Sydney time)

Date: 24 October 2000

Place: The Radisson Plaza Hotel, Marble Rooms 1 and 2,
66 Pitt Street, Sydney, NSW

This notice is issued by Goodman Hardie Management Australia Limited as the Responsible Entity for Macquarie Goodman Industrial Trust.

BUSINESS

The business of the meeting will consist of the following:

Resolution 1

Approval of the proposal to merge Macquarie Goodman Industrial Trust (formerly Goodman Hardie Industrial Property Trust) with Macquarie Industrial Trust.

To consider and, if thought fit, pass a Resolution on the following terms:

“That, for all purposes (including the purpose of ASX Listing Rule 7.1) the Merger Proposal as outlined in the Explanatory Memorandum accompanying this Notice is approved and Goodman Hardie Management Australia Limited is authorised to issue units and otherwise undertake the steps to implement the Merger Proposal set out in the Implementation Deed summarised in Section 12 of the Notice of Meeting and Explanatory Memorandum.”

Resolution 2

Amend the Constitution to change the management fee payable to the Responsible Entity.

To consider and, if thought fit, pass a Special Resolution on the following terms:

“That, if the Merger Proposal is implemented, the Constitution of Macquarie Goodman Industrial Trust is amended to include the amendments set out in Section 12 of the Notice of Meeting and Explanatory Memorandum and Goodman Hardie Management Australia Limited is authorised to execute and lodge with the Australian Securities and Investments Commission a supplemental deed (as contemplated by that Section) to give effect to those amendments.”

Resolution 3

Approval and ratification of the previous issues of units under the Distribution Reinvestment Plan and under the placement to Macquarie Bank Limited.

To consider and, if thought fit, pass a Special Resolution on the following terms:

“That for all purposes (including the purpose of ASX Listing Rule 7.4), the issue of 47,980,945 units in Macquarie Goodman Industrial Trust, outlined in the Explanatory Memorandum accompanying this Notice, is approved and ratified.”

Resolution 4

Approval of the Distribution Reinvestment Plan.

To consider and, if thought fit, pass a Resolution on the following terms:

“That the Macquarie Goodman Industrial Trust Distribution Reinvestment Plan, in the form tabled at the meeting and initialled by the Chairman of the meeting for the purposes of identification, be approved.”

Resolutions 1 and 2 are Conditional

Resolution 1 is put to approve the Merger Proposal with MIP. That merger is subject to a number of conditions set out in the Implementation Deed summarised in Section 12. In particular, it is subject to Unitholders in MIP approving the merger and shareholders in Triden approving the acquisition of approximately 40% of the issued share capital of Triden by Macquarie Bank. If those approvals are not given, the Merger Proposal will not be implemented.

Resolution 2 is put to Unitholders on the condition that the Merger Proposal is approved by Macquarie Goodman and MIP Unitholders, and that the shareholders in Triden approve Macquarie Bank’s acquisition of approximately 40% of Triden’s issued share capital. If any of those approvals are not obtained, the fee payable to the Responsible Entity will not be changed.

Resolutions 3 and 4 are Not Conditional

Resolutions 3 and 4 are not conditional on any of the other resolutions. Therefore, each will be implemented if passed by Macquarie Goodman Unitholders.

BACKGROUND INFORMATION

To enable you to make informed decisions on how to vote on the Resolutions, the Explanatory Memorandum (of which this Notice forms a part) includes background information on the Proposals, including a summary of the Independent Expert’s report on the Merger Proposal and the Responsible Entity’s Fee Proposal.

If you have any queries about voting or proxies, please contact Computershare Registry Services Pty Limited on 1800 000 570. If you have any queries about any other aspect of the Proposals or the meeting, please contact GHMAL Investor Relations on 1800 024 830, or consult your financial or other professional adviser.

Recommendation

GHMAL considers each Resolution to be in the best interests of Macquarie Goodman Unitholders and recommends that you vote “FOR” each of the Resolutions.

Voting*Entitlement to Vote*

All holders of Macquarie Goodman Units appearing on the Macquarie Goodman register of Unitholders at 11:30 am (Sydney time) on Sunday, 22 October 2000 are entitled to attend and vote at the meeting (subject to the voting exclusions below).

Voting Procedure and Number of Votes

Resolutions 1 and 4 will be passed by a majority on a show of hands. A declaration by the Chairman is conclusive evidence of the result. If a poll is demanded, each of those Resolutions will be passed on a poll if passed by at least 50% of votes cast by Macquarie Goodman Unitholders entitled to vote on the Resolution.

Resolutions 2 and 3 can only be passed if at least 75% of votes cast on them by Macquarie Goodman Unitholders entitled to vote on them are in favour.

The vote on Resolutions 2 and 3 must be conducted by way of a poll. On a poll, you have one vote for each whole \$1.00 of unit value that you hold in Macquarie Goodman. The value of a Macquarie Goodman Unit will be equal to the last sale price on the ASX on 23 October 2000, being the last trading day immediately prior to the meeting.

If you are entitled to two or more votes, you need not exercise all of your votes in the same way, nor need you cast all of your votes.

Jointly Held Units

If your Macquarie Goodman Units are jointly held, only one of the joint holders should vote. If more than one Macquarie Goodman Unitholder votes in respect of jointly held Macquarie Goodman units, only the vote of the Macquarie Goodman Unitholder whose name appears first in the register will be counted.



Individuals

If you plan to attend the meeting, you should arrive at the meeting venue at least 20 minutes prior to the time designated for the meeting so that the value of your Macquarie Goodman Units may be checked and your attendance noted.

Corporations

In order to vote at the meeting (other than by proxy), a corporation that is a Macquarie Goodman Unitholder must appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Law. The representative must bring to the meeting evidence of his or her appointment including any authority under which it is signed.

Voting by Proxy

If you are not attending the meeting, you may appoint one or two proxies to attend and vote for you. A proxy does not need to be a Unitholder, and you may appoint the Chairman of the meeting as your proxy. If you appoint two proxies, you may specify the proportion or number of votes that the proxy may exercise.

If you appoint two proxies and fail to specify the proportion or number of votes each proxy may exercise, each proxy may exercise half the votes.

To ensure that all Macquarie Goodman Unitholders can exercise their right to vote on the Resolutions, a Proxy Form is enclosed together with a reply paid envelope.

The Proxy Form tells you what you need to do.

Voting Exclusions

In accordance with the Corporations Law, neither GHMAL nor any of its associates can vote on the Resolutions.

Quorum

The quorum for a meeting is two Macquarie Goodman Unitholders. For Resolution 3, Macquarie Goodman Unitholders holding 25% of units entitled to be voted must vote on the Resolution.



Carolyn Scobie
Secretary

Goodman Hardie Management Australia Limited

3. Action Required by Unitholders

STEP 1 PLEASE READ THIS DOCUMENT

This document sets out the details of the Proposals and the benefits that they offer Macquarie Goodman Unitholders, as well as arguments against them.

This information is important. You should read this booklet carefully and, if necessary, seek your own independent advice on any aspects about which you are not certain.

STEP 2 VOTE ON THE RESOLUTIONS

The Macquarie Goodman Unitholders' meeting is scheduled for 11:30 am (Sydney time) on 24 October 2000 at the Radisson Plaza Hotel, Marble Rooms 1 and 2, 66 Pitt Street, Sydney, NSW. If you are unable, or do not wish, to attend the meeting, we request that you complete the Proxy Form that accompanies this booklet. The Proxy Form allows you to nominate the Chairman of the meeting or one or two other persons to vote on your behalf at the meeting. You may indicate on the Proxy Form how you wish that person or those persons to vote.

For details on how to complete and lodge the Proxy Form, please refer to the instructions on the accompanying Proxy Form and in the section headed "Voting" in the Notice of Meeting in Section 2.

For proxy votes to be valid, correctly completed Proxy Forms must be sent or faxed to arrive before 11:30 am (Sydney time) on Sunday, 22 October 2000. The address and fax number are stated on the Form and a reply paid envelope is provided for your convenience.

If you have any queries about voting or proxies, please contact Computershare Registry Services Pty Limited on 1800 000 570. If you have any queries about any other aspect of the Proposals or the meeting, please contact GHMAL Investor Relations on 1800 024 830, or consult your financial or other professional adviser.

The Responsible Entity recommends you vote "FOR" each of the Resolutions either by attending the meeting or by appointing a proxy to vote on your behalf.

		FOR	AGAINST	ABSTAIN
Resolution 1:	Merger Proposal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2:	Responsible Entity's Fee Proposal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3:	Proposal to Ratify Previous Issues of Units	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4:	Proposal to Approve the Distribution Reinvestment Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Answers to Common Questions

Why has the trust changed its name?

On 14 August 2000, a series of transactions were entered into with the Macquarie Bank Group. As part of those transactions, Macquarie Bank took a placement of 32 million units in the trust. The change in name to Macquarie Goodman Industrial Trust ("Macquarie Goodman") (formerly Goodman Hardie) reflects the partnering with the Macquarie Bank Group.

What is being proposed?

There are four matters being proposed:

1. Merger Proposal

It is proposed to merge Macquarie Goodman with MIP to create the largest industrial property trust listed on the ASX. The merger will be effected by MIP Unitholders having their units in MIP redeemed and receiving 0.81 Macquarie Goodman Units for each MIP unit they hold.

2. Responsible Entity's Fee Proposal

The Responsible Entity is presently entitled to a management fee of 0.70% per annum of the gross asset value of Macquarie Goodman, paid on a monthly basis.

It is proposed to amend the management fee structure so that the interests of investors and the Responsible Entity are more closely aligned. The proposed amendment will result in a lower base fee, together with a Performance Fee reflecting the performance of Macquarie Goodman relative to its peers. In situations where the performance of the trust is consistent with, or less than its peers, the Responsible Entity's remuneration will be less than its present entitlement and where the trust out-performs its peers, the Responsible Entity will share in the out-performance. The Responsible Entity is also entitled to a trustee's fee. This fee will remain unchanged.

3. Proposal to Ratify Previous Issues of Units

In any 12 month period, Macquarie Goodman is only permitted under ASX Listing Rules to issue new units equalling 15% of the total units on issue without prior Unitholder approval. Within the last 12 months, it has

issued 32 million Macquarie Goodman Units to Macquarie Bank and 15,980,945 Macquarie Goodman Units under the Distribution Reinvestment Plan ("DRP"). The ratification of the issues will mean they do not count towards the 15% limit, providing flexibility to Macquarie Goodman when considering funding sources for future property acquisitions or debt repayments in accordance with its objectives.

4. Proposal to Approve the Distribution Reinvestment Plan

Currently, units issued under the DRP count towards the 15% limit for placements in any 12 month period allowed under the ASX Listing Rules. This restricts the flexibility of Macquarie Goodman to raise additional capital for purposes including acquisitions and debt repayment. It is proposed that the DRP be formally adopted by Unitholders, which will exclude capital raised under the DRP from the 15% calculation.

What is the strategy of the merged trust?

The objective for Macquarie Goodman is to provide Unitholders with a superior total return on investment (capital appreciation and income) to that of competing trusts.

What are the forecast distributions if the Proposals are not implemented?

10.7 cents per unit for the year ending 30 June 2001.

What are the forecast distributions if the Proposals proceed?

11.8 cents per unit on an annualised basis from the Merger Date to 30 June 2001 (an increase of 10.3%), if the Merger Proposal and the Responsible Entity's Fee Proposal are implemented.

Will the frequency of my distributions change?

No.

Will the price of my units appreciate?

The price of units has increased since announcing the Proposals. From the date of announcing the Proposals on 14 August 2000 to 1 September 2000, the volume weighted

average price of a Macquarie Goodman Unit was \$1.33. Prior to announcing the Proposals, the volume weighted average price was \$1.23 per unit (from 1 July 2000 to 13 August 2000).

What will happen to the price of my units if the Proposals do not proceed?

If the Merger Proposal and the Responsible Entity's Fee Proposal are not implemented, the price is likely to fall to the level prior to announcing the Proposals.

Will I retain an industrial sub-sector investment?

Yes. Both Macquarie Goodman and MIP are included in the industrial sub-sector of listed property trusts. The merged entity will remain in the industrial sub-sector and will be the largest vehicle within the listed property trust industrial sub-sector.

Are there any additional tax implications for me?

Implementation of the Proposals does not give rise to a taxation event, however, the total tax advantaged proportion of distributions is likely to reduce from the current level of approximately 54% to closer to 29%.

What does the independent expert say?

The independent expert, BDO Corporate Finance Pty Limited, considers each of the Merger Proposal and the Responsible Entity's Fee Proposal to be fair and reasonable to Macquarie Goodman Unitholders. Further, the Independent Expert is of the opinion that each of these proposals is in the best interests of Unitholders and recommends that Unitholders vote in favour of each of the Merger Proposal and the Responsible Entity's Fee Proposal. The Independent Expert was not asked to consider the other proposals as these are in the ordinary course of business.

What does the Responsible Entity recommend?

The Responsible Entity recommends you vote "FOR" each of the Resolutions either by attending the meeting or by appointing a proxy to vote on your behalf.

When and where is the meeting?

11:30 am (Sydney time) on 24 October 2000 at the Radisson Plaza Hotel, Marble Rooms 1 and 2, 66 Pitt Street, Sydney, NSW.

Any other questions?

If you have any queries about voting or proxies, please contact Computershare Registry Services Pty Limited on 1800 000 570. If you have any queries about any other aspect of the Proposals or the meeting, please contact Macquarie Goodman's Investor Relations on 1800 024 830, or consult your financial or other professional adviser.



5. The Proposals

OVERVIEW

A comparison of Macquarie Goodman (formerly Goodman Hardie) pre and post implementation of the Proposals is set out below.

	PRE IMPLEMENTATION OF THE PROPOSALS ⁽¹⁾	POST IMPLEMENTATION OF THE PROPOSALS
Annualised Distributions per Unit	10.7 cents	11.8 cents
Potential Price Range per Unit	\$1.23 ⁽²⁾	\$1.31 to \$1.36 ⁽³⁾
Property Assets	\$608 m	\$1,017 m
Net Tangible Assets per Unit	\$1.213 ⁽⁴⁾	\$1.206
Gearing (Debt to Total Assets)	21.1%	25.3%
Market Capitalisation	\$482 m ⁽⁵⁾	\$824 m ⁽⁶⁾
Index Weighting (S&P/ASX 200 Property Trust Index)	1.5%	2.5%

Notes:

- ⁽¹⁾ Pre implementation figures reflect the position as at 1 November 2000 and exclude Sinclair Knight House, Brisbane, Qld as it is assumed that the contract for sale in respect of this property will be settled shortly.
- ⁽²⁾ Volume weighted average price from 1 July 2000 to 13 August 2000, the day prior to announcing the Proposals.
- ⁽³⁾ Reflecting a 2000/01 trading yield of 8.7% to 9.0%.
- ⁽⁴⁾ As at 30 June 2000.
- ⁽⁵⁾ Based on the volume weighted average price from 1 July 2000 to 13 August 2000.
- ⁽⁶⁾ Using the volume weighted average price from the date of announcing the Proposal on 14 August 2000 to 1 September 2000.

YOU SHOULD READ THE EXPLANATORY MEMORANDUM IN ITS ENTIRETY FOR A MORE DETAILED EXPLANATION, INCLUDING ASSUMPTIONS AND QUALIFICATIONS.

MERGER PROPOSAL

The merger will be effected by Macquarie Goodman subscribing for units in MIP and MIP Unitholders having their MIP units redeemed. A MIP Unitholder will receive 0.81 Macquarie Goodman Units, rounded down to the nearest whole number, for each MIP unit they hold. MIP will become a wholly owned sub-trust of Macquarie Goodman.

MIP Unitholders who have an address outside Australia or New Zealand will not be issued with New Macquarie Goodman Units. Their entitlement to Macquarie Goodman Units will be sold by the Sale Trustee with the proceeds of sale being disbursed to the Unitholders after deducting any costs in connection with the sale, including selling costs, commission, stamp duty, brokerage fees, etc.

It is anticipated that the Merger Proposal will be implemented on or about 1 November 2000 ("Merger Date").

Existing Macquarie Goodman Unitholders will receive an estimated distribution for the quarter ending 31 December 2000, calculated as follows:

- 2.675 cents per unit pro-rated from 1 October 2000 to the day prior to the Merger Date; plus
- 2.950 cents per unit pro-rated from the Merger Date to 31 December 2000.

In relation to the period from 1 January 2001 to 30 June 2001, Macquarie Goodman Unitholders are expected to receive a distribution of 2.950 cents per unit per quarter.

MIP Unitholders currently receive distributions twice yearly with the next entitlement accruing at 31 December 2000. If the Proposals are implemented, MIP Unitholders will receive an estimated distribution for the half year ending 31 December 2000, calculated as follows:

- accrued distribution per existing MIP unit from 1 July 2000 to the day prior to the Merger Date; plus
- 2.950 cents per unit per New Macquarie Goodman Unit pro-rated from the Merger Date to 31 December 2000.

In relation to the period from 1 January 2001 to 30 June 2001, MIP Unitholders are expected to receive a distribution of 2.950 cents per Macquarie Goodman Unit per quarter. This is equivalent to 2.3895 cents per quarter per existing MIP unit.

Independent Expert's Recommendation

The Independent Expert considers the Merger Proposal to be fair and reasonable to Macquarie Goodman Unitholders. Further, the Independent Expert is of the opinion that the Merger Proposal is in the best interests of Unitholders and recommends that Unitholders vote in favour of the Merger Proposal.

If the Merger Proposal Does Not Proceed

If the Merger Proposal is not implemented, Macquarie Goodman will continue to operate as it currently does. The Responsible Entity will continue to seek to maximise returns for Unitholders.

RESPONSIBLE ENTITY'S FEE PROPOSAL

The Responsible Entity is presently entitled to a management fee of 0.70% per annum of the gross asset value of Macquarie Goodman, payable monthly.

It is proposed to amend the management fee structure so that the interests of investors and the Responsible Entity are more closely aligned. The proposed amendment will result in a lower base fee, together with a Performance Fee reflecting the performance of Macquarie Goodman relative to its peers. In situations where the performance of the trust is consistent with, or less than its peers, the Responsible Entity's remuneration will be less than its present entitlement and where the trust out-performs its peers, the Responsible Entity will share in the out-performance. The Responsible Entity is also entitled to a trustee's fee. This fee will remain unchanged.

Base Fee

The base fee consists of 0.50% per annum of the gross asset value up to \$700 million; and 0.45% per annum of the gross asset value in excess of \$700 million, payable monthly.

Performance Fee

In addition to the base fee, the Responsible Entity will be entitled to an additional performance fee ("Performance Fee"), payable in Macquarie Goodman Units, where the performance of Macquarie Goodman in any period ending 30 June or 31 December ("Performance Period") exceeds that of its listed industrial property trust peers.

The degree by which Macquarie Goodman's performance exceeds its peers is the out-performance ("Out-performance"). Out-performance is measured by the amount the Accumulation Index in respect of Macquarie Goodman ("Macquarie Goodman Performance") exceeds the Industrial Property Trust Accumulation Index (excluding Macquarie Goodman) ("sub-sector index").

If Macquarie Goodman's market capitalisation exceeds 40% of the aggregate market capitalisation of all listed industrial property trusts, its performance will instead be benchmarked against the broader ASX Property Trust Accumulation Index.

The basis on which any Performance Fee is calculated is complex. The clauses which will be included in the Macquarie Goodman Constitution covering the Performance Fee are set out in Section 12 of this Notice of Meeting and Explanatory Memorandum. Those clauses include the detailed mechanism and formulas for the Performance Fee.

Broadly, though, the Performance Fee will work as follows:

Amount of the Performance Fee

This is measured by reference to Macquarie Goodman's market capitalisation at the start of each Performance Period. To the extent that the Out-performance is up to 2% nominal on an annualised basis, the fee will be 5% of the market capitalisation at the beginning of the Performance Period multiplied by the Out-performance. For example, if the market capitalisation at the commencement of the relevant Performance Period was \$800 million and Macquarie Goodman outperformed its peers by 2% nominal on an annualised basis (ie. 1% nominal per six month period) the value of the Performance Fee would be \$400,000 (\$800 million x 1% x 5%).

Where the Out-performance exceeds 2% nominal on an annualised basis the Responsible Entity receives an additional Performance Fee of 20% of the market capitalisation of Macquarie Goodman at the commencement of the relevant Performance Period multiplied by the amount of the Out-performance. For example, if the Out-performance was 3% nominal on an annualised basis (ie. 1.5% nominal per six month period), the Responsible Entity would receive a Performance Fee of \$1.2 million (made up of \$400,000 in respect of the first 2% Out-performance (as calculated above) and \$800,000 for the additional 1% Out-performance (\$800 million x 0.5% x 20%)).

It should be noted that these examples illustrate the calculation process only and do not purport to represent the likely amount of Out-performance.

How the Performance Fee is Paid

The Performance Fee is paid by issuing Macquarie Goodman Units to the Responsible Entity. These Units are known as "Performance Units".

Subject to certain limitations, Performance Units confer the same rights as other Macquarie Goodman Units and participate equally with all other Macquarie Goodman Units.

If, due to restrictions imposed by the ASX Listing Rules or otherwise, Units cannot be issued to the Responsible Entity in satisfaction of the Performance Fee it will be paid in cash.

In addition, if a Trigger Event occurs, as described below, the Responsible Entity is entitled to a cash payment which is calculated at the date the Trigger Event occurs. The basis on which that payment is calculated is set out in the Macquarie Goodman Constitution amendments in Section 12 of this Notice of Meeting and Explanatory Memorandum. Broadly speaking, it substitutes the Accumulation Index at the end of the Performance Period in which the Trigger Event occurs with a unit valuation which is referable to the relevant Trigger Event.

Starting Price for Calculating the Performance Fee

The base unit price for calculating Macquarie Goodman's performance will be set initially at \$1.335 per unit, adjusted up or down for any movement in the Industrial Property Trust Price Index (excluding Macquarie Goodman and MIP) from 14 August 2000 to the Merger Date. This starting point of \$1.335 per unit represents the mid-point of the range in forecast potential re-rating, and demonstrates the commitment of the Responsible Entity to achieve value for investors. The volume weighted average price of a Macquarie Goodman Unit, from the date of announcing the Proposals on 14 August 2000 to 1 September 2000, was \$1.33.

Deferral of Payment

The Responsible Entity is entitled to the Performance Fee when Macquarie Goodman outperforms its peers, even when the Accumulation Index in respect of Macquarie Goodman is negative over the relevant Performance Period. For example, if the sub-sector as a whole has declined, the Responsible Entity will be entitled to its Performance Fee if Macquarie Goodman's decline is less than the sub-sector index. However, in those circumstances, Performance Units will not be issued to the Responsible Entity until the Accumulation Index, in respect of Macquarie Goodman over a subsequent Performance Period, is positive.

Restrictions on Sale

At the end of a Performance Period, it is possible that Macquarie Goodman may have out-performed its peers so that the Responsible Entity is issued Performance Units, but at that time, the Accumulation Index in respect of Macquarie Goodman is below its historical Performance Period end high since the Merger Date. In that case, the Responsible Entity will be restricted from selling those Performance Units until that Accumulation Index equals or exceeds that prior peak. During that time any distributions paid in respect of those Performance Units must be reinvested through the DRP, assuming the DRP is available at the time.

The same restrictions apply to units received from those Performance Units under the DRP.

These restrictions cease in certain circumstances such as a resolution being passed at a meeting of Unitholders to remove or replace the Responsible Entity without its recommendation, Macquarie Goodman is terminated or is no longer listed, there is a takeover bid for Macquarie Goodman in which the compulsory acquisition threshold is met or there is a merger by way of scheme pursuant to which there is a material change in the ownership or control of Macquarie Goodman ("Trigger Events").

Independent Expert's Recommendation

The Independent Expert considers the Responsible Entity's Fee Proposal to be fair and reasonable to Macquarie Goodman Unitholders. Further, the Independent Expert is of the opinion that the Responsible Entity's Fee Proposal is in the best interests of Unitholders and recommends that Unitholders vote in favour of the Responsible Entity's Fee Proposal.

If the Responsible Entity's Fee Proposal Does Not Proceed

If the Responsible Entity's Fee Proposal does not proceed, the fee arrangements will not change, and the Responsible Entity shall be entitled to receive a fee of 0.70% per annum of the gross asset value of Macquarie Goodman.

If the Merger Proposal is implemented but the Responsible Entity's Fee Proposal is not approved, the forecast annualised distributions will not be as great, with annualised distributions forecast to increase 7.2% to 11.47 cents per unit for the year ending 30 June 2001.

PROPOSAL TO RATIFY PREVIOUS ISSUES OF UNITS

Since the DRP was introduced in March 2000, 15,980,945 units have been issued under it. Each issue was made at the weighted average unit price of Macquarie Goodman, on an ex-distribution basis, over a period of 10 trading days ending two trading days prior to the record date for the relevant issue, less a discount of 2%.

On 15 August 2000, 32 million units were issued to Macquarie Bank at a price of \$1.25 per unit (the "Macquarie Bank Placement").

It is proposed that Unitholders ratify the issue of the 47,980,945 units in Macquarie Goodman. The issues have each been made pursuant to the ASX Listing Rules without Unitholder approval, being a placement of less than 15% of the number of units on issue.

The ratification of the issues will provide flexibility to Macquarie Goodman when considering funding sources for future property acquisitions or debt repayments in accordance with its objectives. GHMAL has no specific intention to make further placements at this time, however, it is constantly reviewing appropriate acquisitions and capital management for Macquarie Goodman.

Macquarie Goodman Units issued under the DRP ranked equally in all respects with existing issued Macquarie Goodman Units (including the entire quarter when the units were issued for distribution entitlements). By issuing units under the DRP, the cash distribution payout was less than the amount that would otherwise apply. The cash that was not paid out as distributions was utilised as working capital of the trust.

Units issued under the Macquarie Bank Placement ranked for distribution on a pro-rata basis from the allotment date. In other respects, they rank pari passu with existing Macquarie Goodman Units on issue. The proceeds from the Macquarie Bank Placement were used to reduce the borrowings of the trust.

If the Proposal to Ratify Previous Issues of Units Does Not Proceed

If the Proposal to Ratify Previous Issues of Units does not proceed, the Responsible Entity will have less flexibility to raise additional equity for Macquarie Goodman as it will need to convene meetings of Unitholders to approve any equity issue beforehand.

PROPOSAL TO APPROVE THE DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity adopted the DRP in March this year and 15,980,945 Macquarie Goodman Units have been issued under the DRP since its introduction.

Currently, units issued under the DRP count towards the 15% limit for placements in any 12 month period allowed under the ASX Listing Rules. This restricts the flexibility of Macquarie Goodman to raise additional capital for purposes including acquisitions and debt repayment. It is proposed that the DRP be formally adopted by Unitholders, which will exclude capital raised under the DRP from the 15% calculation.

The principal features of the DRP are as follows:

The DRP allows Macquarie Goodman Unitholders to invest cash distributions in additional units without incurring brokerage or other costs. Macquarie Goodman Unitholders may nominate part or all of their unitholding for participation in the DRP.

The DRP is not available to Macquarie Goodman Unitholders with registered addresses outside Australia where the law of that jurisdiction does not permit participation, or renders participation undesirable.

Macquarie Goodman Units under the DRP have been issued by reference to the weighted average unit price of Macquarie Goodman Units sold on the ASX, on an “ex-distribution” basis, over a period of 10 trading days ending two trading days prior to the record date for the relevant distribution less the discount (if any) determined by the Board of the Responsible Entity from time to time.

Entitlement to new units has been calculated as follows:

$$\frac{(\text{Units Participating} \times \text{Distribution Rate}^*)}{\text{Weighted Average Unit Price}^{**}}$$

* Less any tax required to be deducted by Macquarie Goodman.

** Weighted average unit price of Macquarie Goodman units, on an “ex-distribution basis”, over the specified period, less the discount (if any) determined by the Board of the Responsible Entity.

The Responsible Entity announces to the ASX any discount which is to apply at least five trading days, subject to the ASX Listing Rules, before the relevant record date.

Macquarie Goodman Units are issued under the DRP at or about the same time as cash distributions are paid, rank equally in all respects with existing issued Macquarie Goodman Units (including the entire quarter when the units are issued for distribution entitlements) and may be sold at any time. No brokerage, commission or stamp duty is payable on the issue of these units.

The Board of the Responsible Entity may modify the DRP at any time. It may also suspend or terminate the operation of the DRP. If the DRP is to be suspended or terminated then each Unitholder will receive one month’s written notice. The DRP was suspended with effect from 25 September 2000.

The Responsible Entity may arrange for the DRP to be underwritten at any time on terms and conditions that it deems appropriate.

If the Proposal to Approve the Distribution Reinvestment Plan Does Not Proceed

If the Proposal to Approve the Distribution Reinvestment Plan does not proceed, the Responsible Entity will have less flexibility to raise additional equity for Macquarie Goodman, as units issued under the DRP will be counted within the units issued for the 15% limit under the ASX Listing Rules.

BENEFITS OF THE PROPOSALS

Enhanced Strategy

Being the largest listed industrial property trust, the merged trust will have a very large tenant base, and this presents an opportunity to enhance our strategy of adding value for investors. Our aim is to have a strong customer focus and to become the major service provider to corporate Australia for its industrial and business park requirements. We will utilise the merged tenant/asset base to support new acquisitions and developments to further add value for investors.

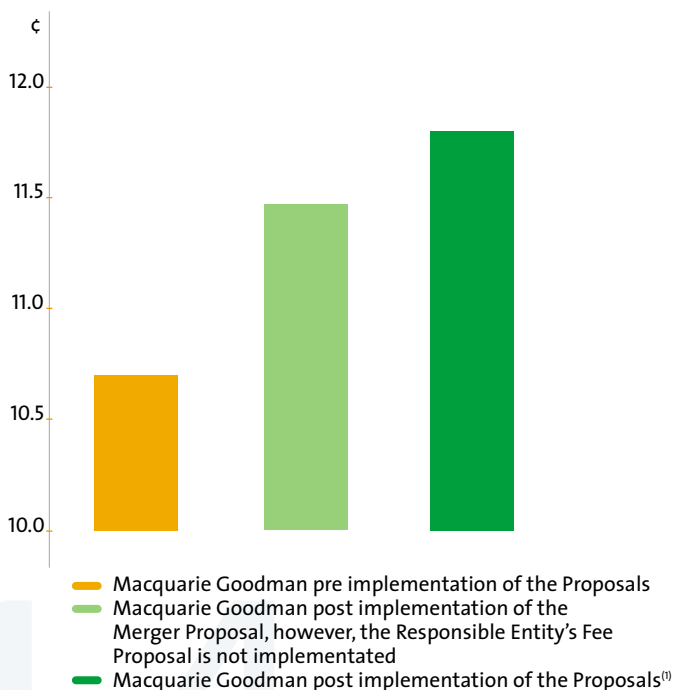
Increased Forecast Distributions

If the Proposals are implemented, annualised distributions per unit are forecast to increase 10.3% from 10.7 cents per unit to 11.8 cents per unit for the period ending 30 June 2001, excluding any Performance Fee that may become payable to the Responsible Entity in units.

If the Merger Proposal is implemented but the Responsible Entity's Fee Proposal is not approved, the fees payable to the Responsible Entity will remain at 0.70% per annum of the gross asset value of Macquarie Goodman. In this instance, the annualised distributions are forecast to increase 7.2% to 11.47 cents per unit for the period ending 30 June 2001.

The following graph illustrates this annualised increase in distributions per unit.

ANNUALISED DISTRIBUTIONS
per unit for the period to 30 June 2001



⁽¹⁾ Excluding any Performance Fee that may become payable to the Responsible Entity in units.

It is anticipated that Unitholders will receive a pro-rata annualised distribution of 10.7 cents per unit up to the day prior to the Merger Date and if the Proposals are fully implemented, a pro-rata annualised distribution of 11.8 cents per unit from the Merger Date to 30 June 2001, excluding any Performance Fee that may become payable to the Responsible Entity in units.

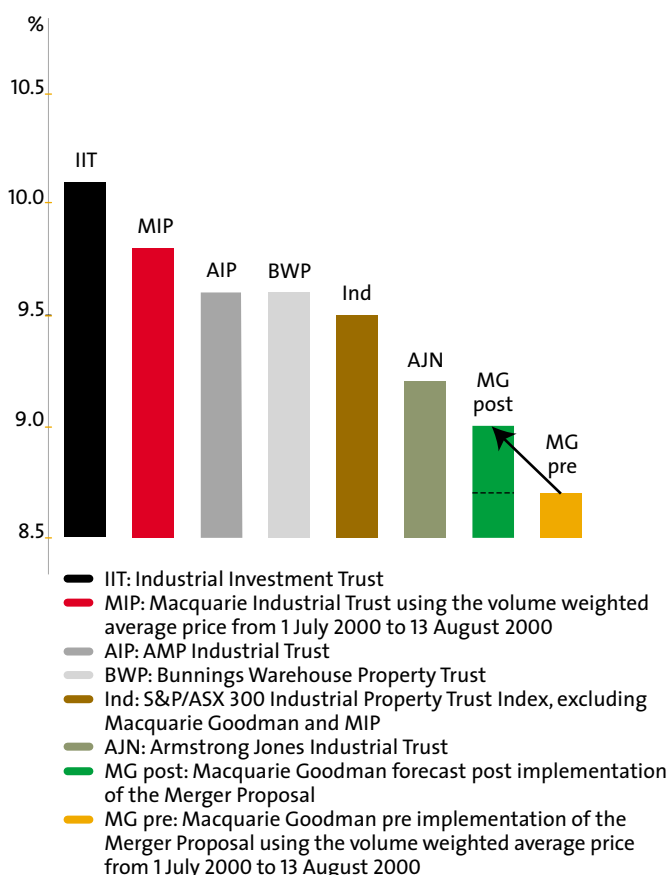
Increase in the Value of Units

The price of units has increased since announcing the Proposals. From the date of announcing the Proposals on 14 August 2000 to 1 September 2000, the volume weighted average price of a Macquarie Goodman Unit was \$1.33. Prior to announcing the Proposals, the volume weighted average price was \$1.23 per unit (from 1 July 2000 to 13 August 2000).

With a forecast distribution (prior to implementing the Proposals) of 10.7 cents per unit for the year ending 30 June 2001, the volume weighted average price of \$1.23 per unit reflects a forecast 2000/01 yield of 8.7%.

The following graph illustrates the forecast yields of other listed industrial property trusts.

2001 PROSPECTIVE CASH YIELD



Based on other trusts in the peer group of Macquarie Goodman, it is estimated that post implementation of the Proposals, units in Macquarie Goodman could reflect a forecast 2000/01 yield in the range of 8.7% to 9.0%.

With an annualised distribution of 11.8 cents per unit post implementation of the Proposals it is anticipated that units could trade in the range of \$1.31 to \$1.36.

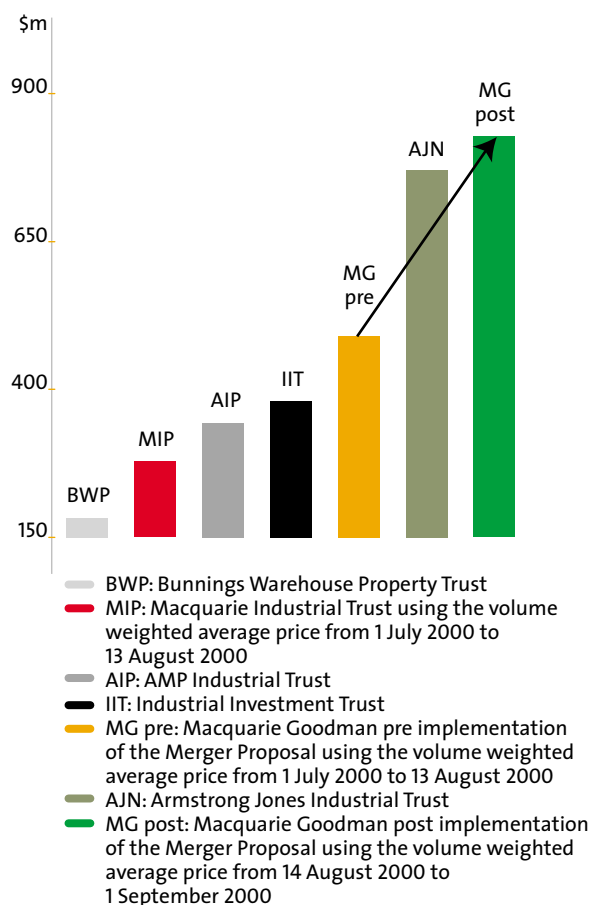
This is an estimate only of the range within which the market value of units may trade after completion of the Merger Proposal and the Responsible Entity's Fee Proposal.

No assurances are given as to the value of units following the completion of the Merger Proposal and the Responsible Entity's Fee Proposal as this will be determined by market conditions. The above estimates are based on market conditions at the time of preparation of this booklet. Market conditions often change rapidly and such changes cannot be accurately predicted. The value of units may therefore be substantially different from those currently estimated by the Responsible Entity.

Increased Market Capitalisation

The market capitalisation of Macquarie Goodman has increased since announcing the Proposals. The market capitalisation of Macquarie Goodman is approximately \$520 million, adopting the volume weighted average price of a Macquarie Goodman Unit from 14 August 2000 to 1 September 2000. At this unit price, implementation of the Proposals will increase the market capitalisation to approximately \$824 million. This would establish the trust as the largest industrial property trust listed on the ASX. The following chart illustrates the market capitalisation of the merged trust in comparison to other trusts within the industrial sub-sector.

MARKET CAPITALISATION
of trusts in the industrial sub-sector

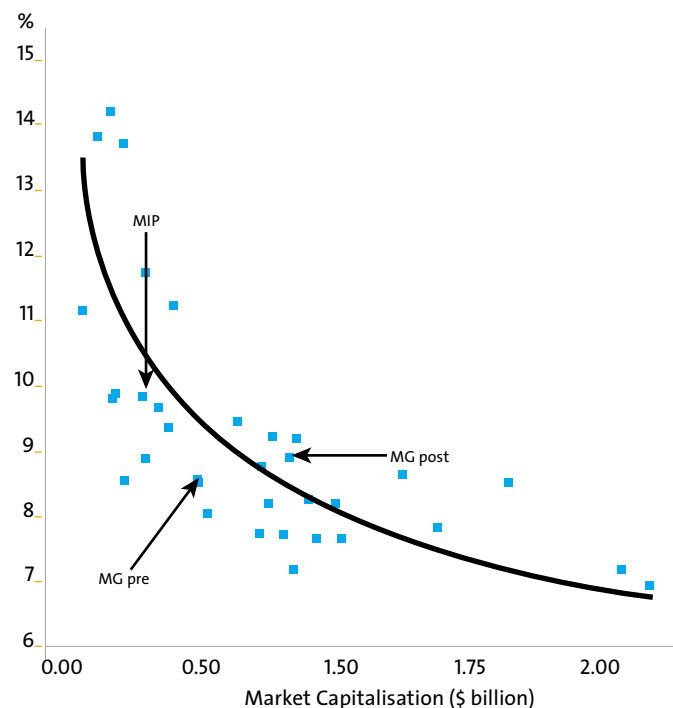


Price Performance

The chart following illustrates the relationship between market capitalisation and yield – generally, the larger the vehicle the lower the yield. The points indicated on the chart represent listed property trusts and a line of best fit has been calculated using regression analysis.

THE RELATIONSHIP BETWEEN YIELD AND MARKET CAPITALISATION⁽¹⁾

Forecast 2001 Yield (%)



Note:

⁽¹⁾ Excluding Westfield Trust and General Property Trust to avoid distortion of the trend line.

MIP: MIP pre implementation of the Proposals based on the volume weighted average price from 1 July 2000 to 13 August 2000

MG pre: Macquarie Goodman pre implementation of the Proposals based on the volume weighted average price from 1 July 2000 to 13 August 2000

MG post: Macquarie Goodman post implementation of the Proposals based on the volume weighted average price from 14 August 2000 to 1 September 2000

Sector Specific Trust

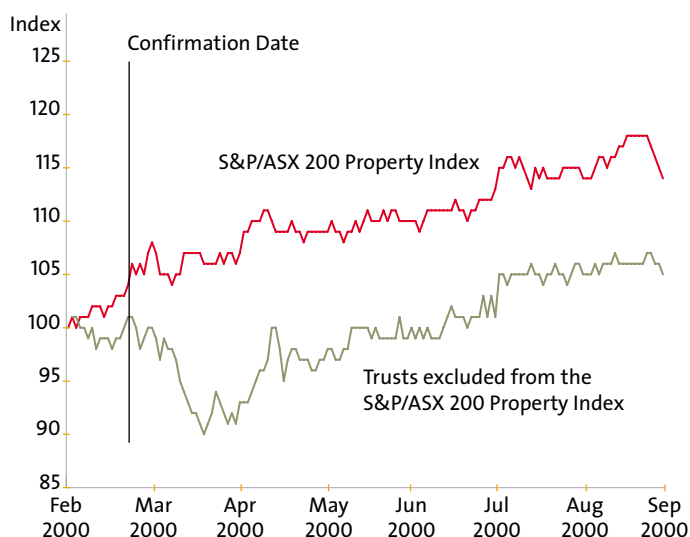
Post implementation of the Proposals, Macquarie Goodman should be the largest listed sector specific industrial property trust, and hence should attract investors looking for a listed industrial property investment.

Enhanced Index Weighting

Post implementation of the Proposals, Macquarie Goodman should represent 2.5% of the S&P/ASX 200 Property Index (the "Index"), assuming 100% Index weighting, compared to its current weighting of 1.5%.

The following chart illustrates the effect of inclusion in the Index on investment performance by comparing the performance of listed property trusts forming part of the Index with those excluded from the Index when the indices were restructured in March 2000.

INDEX INCLUSION SHOWS OUT-PERFORMANCE



Index Inclusion Shows Out-performance

As shown by the chart, trusts excluded from the Index showed relative underperformance compared to trusts included in the Index. While neither Macquarie Goodman nor MIP is at immediate risk of index exclusion, the current rate of merger activity is continually diluting the weighting of smaller trusts within the Index.

Improved Liquidity

The increased market capitalisation and index weighting, together with anticipated investor appeal resulting from being the largest listed industrial property trust, should increase the liquidity of units. This should make it easier for investors to buy and sell units.

Greater Funding Flexibility

Being part of a larger investment vehicle with a broader investor base should provide greater funding flexibility through improved access to debt and equity markets. This should lead to greater flexibility in funding new acquisitions and developments or restructuring existing funding arrangements, and make it easier to achieve the significant development potential of the merged portfolio.

The expansion of the capital base should enable the merged vehicle to compete more effectively with other large investors and open up investment opportunities not currently available to Macquarie Goodman due to its smaller size prior to implementing the Merger Proposal.

Larger Balance Sheet – Access to Developments

As at 30 June 2000, Macquarie Goodman had gross assets of approximately \$634 million. If the Merger Proposal is completed, the total gross assets of Macquarie Goodman should be around \$1,028 million, making it the largest industrial property investment vehicle (by gross assets) listed on the ASX.

The responsible entity for MIP has announced a number of substantially pre-committed (96% pre-leased) development projects that will be undertaken by the merged trust. Further, the larger balance sheet should enable the merged trust to pursue development projects that are too large for Macquarie Goodman to undertake as it currently stands.

The development projects included in the forecasts are set out in Sections 6 and 8.

Management Expense Ratio (“MER”)

This is the ratio determined by dividing the total management costs (including the Responsible Entity’s fee and administrative expenses) by the gross assets.

There are likely to be cost savings if the Merger Proposal and/or the Responsible Entity’s Fee Proposal are implemented. The estimated annualised MER from the Merger Date to 30 June 2001, assuming no Performance Fee is payable to the Responsible Entity, is:

OUTCOME	MER ANNUALISED FROM MERGER DATE
Merger Proposal and Responsible Entity’s Fee Proposal are not implemented	0.88%
Merger Proposal implemented but Responsible Entity’s Fee Proposal not approved	0.82%
Merger Proposal and Responsible Entity’s Fee Proposal implemented ⁽¹⁾	0.64%

Notes:

⁽¹⁾ Excluding any Performance Fee that may become payable to the Responsible Entity in units.

If Macquarie Goodman does not out-perform its peers, no Performance Fee will be payable. In this instance, the MER will be the lowest in the listed industrial property trust sub-sector.

Alignment of Interests

The proposed amendment to the Responsible Entity’s fee structure results in the interests of investors and the Responsible Entity being more closely aligned.

The payment of the Performance Fee in units has less of an impact on distributions per unit than if it was paid in cash.

Units issued pursuant to the Performance Fee are issued at the greater of the weighted trading price of all Macquarie Goodman Units traded on the ASX during the 10 trading days from and including the date upon which the units trade ex the distribution entitlement for the relevant half year and the net tangible assets (“NTA”) per unit at the end of the half year.

The base unit price for calculating Macquarie Goodman’s performance will be set initially at \$1.335 per unit, adjusted up or down for any movement in the Industrial Property Trust Price Index (excluding Macquarie Goodman and MIP) from 14 August 2000 to the Merger Date. This starting point of \$1.335 per unit represents the mid-point of the range in forecast potential re-rating, and demonstrates the commitment of the Responsible Entity to achieve value for investors. The volume weighted average price of a Macquarie Goodman Unit was \$1.33 from the date of announcing the Proposals on 14 August 2000 to 1 September 2000.

The Performance Fee is structured so that any under performance relative to the trust’s peers must be recovered before the Responsible Entity becomes entitled to any prospective Performance Fee.

Enhanced Management Team

Mr James Hodgkinson, the Chief Executive Officer of Macquarie Investment Management Limited, the responsible entity of MIP, will join the management team of Macquarie Goodman. Therefore, management of the newly merged trust will not only benefit from the existing highly regarded management skills but will also be strengthened and complemented by James Hodgkinson.

Increased Average Lease Term

If the Merger Proposal is implemented, the average lease term to expiry, based on net income as at 30 June 2000 and including tenancy pre-commitments, will increase from 4.7 years to 5.4 years (as illustrated by the graph in Section 6). This indicates increased security of income as a result of the Merger Proposal.

Improved Tenant Diversification

Implementation of the Merger Proposal will further diversify the portfolio. The proportion of income from the top 10 tenants, based on net income as at 30 June 2000 and including tenancy pre-commitments, decreases from 41.5% currently to 31.7%, however, the largest tenant will represent 8.8% of net income as against 6.0% currently. For information on the top 10 tenants please refer to Section 6.

ARGUMENTS AGAINST THE PROPOSALS

Dilution in NTA

The NTA per unit held in Macquarie Goodman was \$1.213 as at 30 June 2000. If the Merger Proposal is implemented, the NTA is expected to decrease slightly to \$1.206 per unit.

The Responsible Entity of Macquarie Goodman recognises that a reduction in the NTA may be of concern to some Unitholders, however, the Responsible Entity considers the increased distributions, potential increase in the unit price and greater diversification offset this change.

Increased Gearing

As at 30 June 2000, the gearing (debt to total assets) of Macquarie Goodman was 30.1%. The placement of units to Macquarie Bank on 15 August 2000 reduced the gearing level to 21.8%. At the time of implementing the Merger Proposal, gearing is anticipated to be approximately 25.3%. With the acquisition and development of projects identified in Sections 6 and 8 and excluding any further asset sales or acquisitions, gearing is expected to increase to approximately 31.8% as at 30 June 2001.

Reduction in the Proportion of Hedged Borrowings

After implementation of the Merger Proposal, total hedged borrowings will increase but will decrease as a proportion of total debt. The effect is to increase the merged trust's exposure to interest rate increases. The average duration of hedging will be extended after implementing the Merger Proposal and the weighted average cost of hedged borrowings will increase. The following table summarises Macquarie Goodman's hedging programme immediately before and immediately after implementation of the Merger Proposal.

Summary of Hedged Borrowings

	MACQUARIE GOODMAN PRE THE MERGER PROPOSAL	MACQUARIE GOODMAN POST THE MERGER PROPOSAL
Amount of hedged borrowings	\$100,000,000	\$179,000,000
Percentage of total borrowings hedged	77.3%	68.9%
Average duration of hedging	2.4 years	3.3 years
Weighted average cost of debt ⁽¹⁾	6.56%	6.86%

Notes:

⁽¹⁾ Including line fees and margins.

Effect of Change in Responsible Entity's Fees

The Responsible Entity is presently entitled to a fee of 0.70% per annum of the gross asset value of Macquarie Goodman, payable on a monthly basis.

As described above, the proposed amendment will result in a lower base fee, together with a Performance Fee reflecting the relative performance of Macquarie Goodman. In situations where the performance of the trust is consistent with, or less than its peers, the Responsible Entity's remuneration will be less than its present entitlement. However, where Macquarie

Goodman has out-performed its peers (in which case investors will have enjoyed better total returns), the effect of the Performance Fee may be to reduce the distributions that would otherwise be payable.

The table below illustrates the effect of the Performance Fee (payable on 1 January 2001) on annualised distributions from the Merger Date under various scenarios:

Annualised Distributions (Cents per Unit) Under Various Scenarios

		CHANGE IN SUB-SECTOR INDEX FROM MERGER DATE TO 31 DECEMBER 2000				
		-5.0%	-2.5%	0.0%	2.5%	5.0%
Percentage change in	-5.0%	11.80	11.80	11.80	11.80	11.80
Macquarie Goodman's	-2.5%	11.76	11.80	11.80	11.80	11.80
total return from the	0.0%	11.72	11.76	11.80	11.80	11.80
Merger Date to	2.5%	11.68	11.72	11.76	11.80	11.80
31 December 2000	5.0%	11.64	11.68	11.72	11.76	11.80

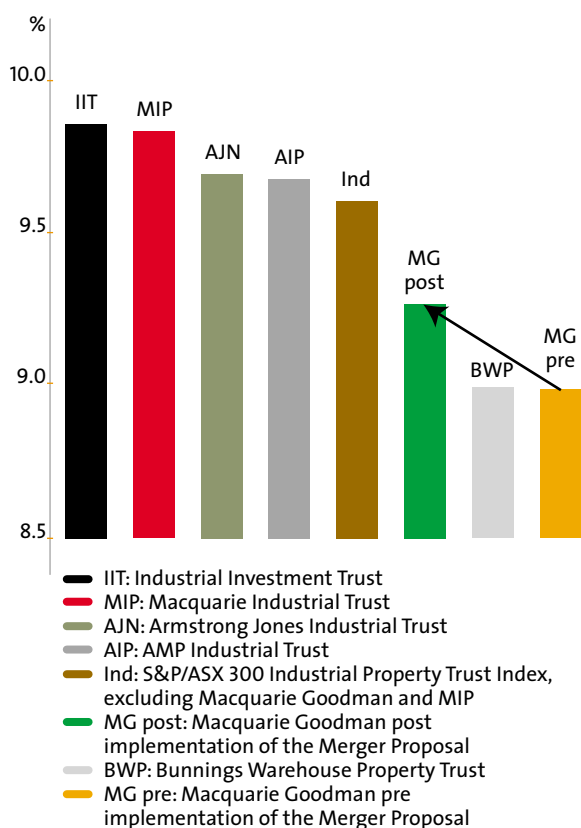
If a Performance Fee is payable but Macquarie Goodman's total return is negative, the Responsible Entity will be entitled to the Performance Fee, but will only actually receive it (by way of units) when the six monthly Macquarie Goodman Performance is positive. Nevertheless, the table above illustrates the effect of paying the entitlement to a Performance Fee even when the Macquarie Goodman Performance is negative, that is, the results in the table factor in bringing forward the effect of the entitlement. Any Performance Fee which may accrue in the six months ending 30 June 2001 and is payable after that date, has not been included as it falls outside the forecast period.

Increase in Property Yields

The property portfolio of Macquarie Goodman reflects a weighted average capitalisation rate of 8.97%, assuming the contract for sale in respect of Sinclair Knight House, Brisbane, Qld is settled and, therefore, excluded from the calculation. This is the lowest of the trusts in the industrial sub-sector, represented in part by the overall high quality of the assets and the inclusion of office parks and commercial assets in the portfolio.

By merging with MIP, the weighted average capitalisation rate increases to 9.27%, including development properties for which tenancy pre-commitments have been secured. In part, the increase reflects the smaller representation of the office parks and commercial assets within the larger merged portfolio. Notwithstanding the increased size, Macquarie Goodman should still have one of the lowest weighted average capitalisation rates within the industrial sub-sector.

WEIGHTED AVERAGE CAPITALISATION RATES



Cost of Capital

The volume weighted average price of a Macquarie Goodman Unit from 1 July 2000 to 13 August 2000 (the day prior to announcing the Proposals) was \$1.23. With a forecast distribution (prior to implementing the Proposals) of 10.7 cents per unit for the year ending 30 June 2001, the volume weighted average price reflects a forecast 2000/01 yield of 8.7%.

It is estimated that post implementation of the Proposals (assuming that no Performance Fee is payable), units in Macquarie Goodman could reflect a forecast 2000/01 yield in the range of 8.7% to 9.0%. This could increase the trust's cost of capital post implementation of the Proposals. However, it is envisaged that post implementation of the Merger Proposal, Macquarie Goodman should still have one of the lowest costs of capital within the industrial sub-sector.

Decrease in Tax Advantages

Although the total distributions are expected to increase, the tax advantaged component of Macquarie Goodman distributions are likely to decrease for the year ending 30 June 2001.

Due to the high level of forecast development to be undertaken by the merged trust, it is difficult to forecast the tax advantaged component of distributions. However, the tax advantaged components of distributions for the year ended

30 June 2000 are as follows:

	TAX FREE PORTION	TAX DEFERRED PORTION	TOTAL TAX ADVANTAGED PORTION
Macquarie Goodman	15.3%	38.6%	53.9%
MIP	12.3%	16.7%	29.0%

From the above, it is probable that the tax advantaged portion of distributions post implementation of the Merger Proposal will decrease to a level closer to the level that applied for MIP in the year ended 30 June 2000. The effect of a reduction in the tax advantaged component of distributions will depend on individual circumstances. You should refer to Section 11 for more detail or contact your professional adviser.

CONCLUSION

The Responsible Entity considers that the benefits of the Proposals outweigh the arguments against them and, therefore, recommends you vote "FOR" the Resolutions.

The Independent Expert was asked to provide an opinion in relation to the Merger Proposal and the Responsible Entity's Fee Proposal. The Independent Expert was not asked to consider the other Resolutions as these are in the ordinary course of business.

The Independent Expert considers each of the Merger Proposal and the Responsible Entity's Fee Proposal to be fair and reasonable to Macquarie Goodman Unitholders. Further, the Independent Expert is of the opinion that each of these proposals is in the best interests of Unitholders and recommends that Unitholders vote in favour of each of the Merger Proposal and the Responsible Entity's Fee Proposal.

A copy of the Independent Expert's summary report is set out in Section 10. A full copy of the report can be obtained by Macquarie Goodman Unitholders free of charge, by calling Macquarie Goodman's Investor Relations on 1800 024 830.

6. The Merged Property Portfolio

PORTFOLIO CHARACTERISTICS

The merger of the Macquarie Goodman (formerly Goodman Hardie) and MIP property portfolios creates a number of benefits for existing Macquarie Goodman Unitholders.

Key comparisons between Macquarie Goodman pre and post implementation of the Merger Proposal are as follows:

	PRE MERGER PROPOSAL ⁽¹⁾	POST MERGER PROPOSAL ⁽²⁾
Number of Properties	21	47
Property Asset Value	\$608 m	\$1,017 m
Gross Assets	\$613 m	\$1,028 m
Average Property Value	\$28.9 m	\$21.6 m
Largest Asset (by Value)	12.9%	7.7%
Average Lease Term ⁽³⁾	4.7 yrs	5.4 yrs
NSW Exposure (% of Property Assets)	83%	77%
Vic Exposure (% of Property Assets)	17%	19%
Aggregate NSW/Vic Exposure (% of Property Assets)	100%	96%
Top Ten Tenants (by Income) ⁽³⁾	41.5%	31.7%
Under-Renting (Degree by which Current Rent is less than Market Rent) ⁽³⁾	1.5%	0.8%

Notes:

⁽¹⁾ Pre Merger Proposal figures reflect the position as at 1 November 2000 and exclude Sinclair Knight House, Brisbane, Qld as it is assumed that the contract for sale in respect of this property will be settled shortly.

⁽²⁾ Post Merger Proposal figures reflect the pro-forma position as at the Merger Date.

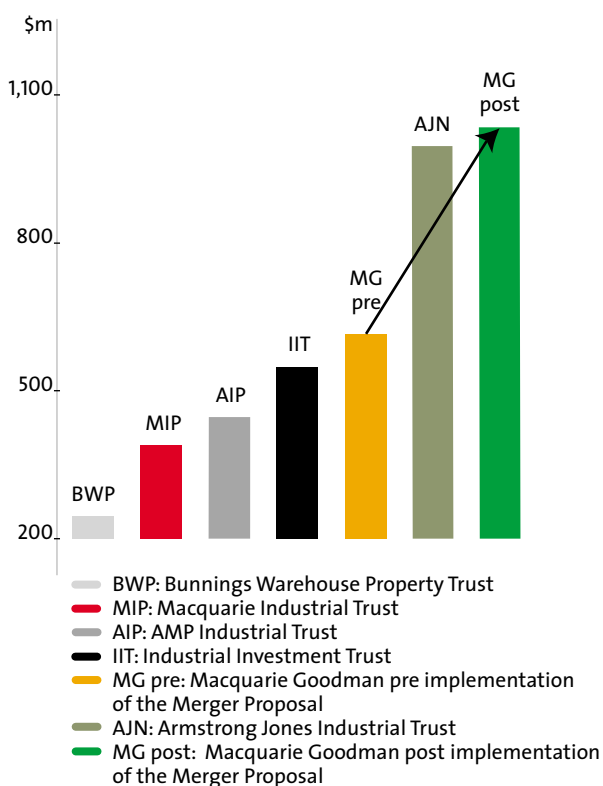
⁽³⁾ As at 30 June 2000.

Larger Property Portfolio

Assuming the contract for sale in respect of the property at Sinclair Knight House, Brisbane, Qld is settled and, therefore excluded from the portfolio, the Macquarie Goodman portfolio currently comprises 21 properties with a total value of approximately \$608 million and an average capitalisation rate of 8.97%. This compares with MIP which has 26 properties and a total value, estimated by the Responsible Entity as at the Merger Date, of approximately \$409 million. The weighted average capitalisation rate of the MIP portfolio is 9.68%, including tenancy pre-commitments.

Assuming the Merger Proposal is implemented at the Merger Date, the combined property portfolio would comprise 47 properties with a total value of approximately \$1,000 million having a weighted average capitalisation rate of 9.27%, including tenancy pre-commitments. The following chart depicts the gross assets (including property and other assets) of Macquarie Goodman, MIP and their peers.

GROSS ASSETS – SIGNIFICANT INCREASE⁽¹⁾
Gross Assets



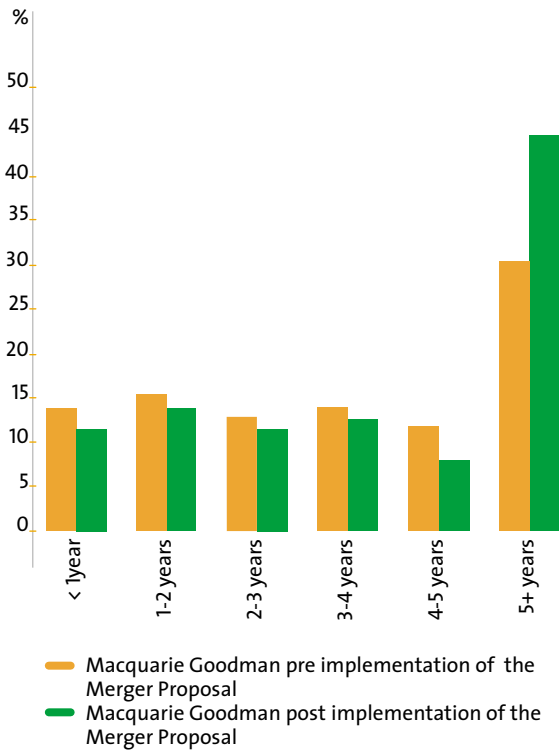
Note:

⁽¹⁾ All data as at 30 June 2000 except for Macquarie Goodman which is calculated at implementation of the Proposals (assumed to be 1 November 2000).

Lease Expiry Profile – Enhanced Spread

Under the Merger Proposal, a Macquarie Goodman Unitholder will benefit from a reduction in near term lease expiries. The following chart shows the Macquarie Goodman lease expiry profile pre and post implementation of the Merger Proposal. It includes tenancy pre-commitments and is based on net income as at 30 June 2000.

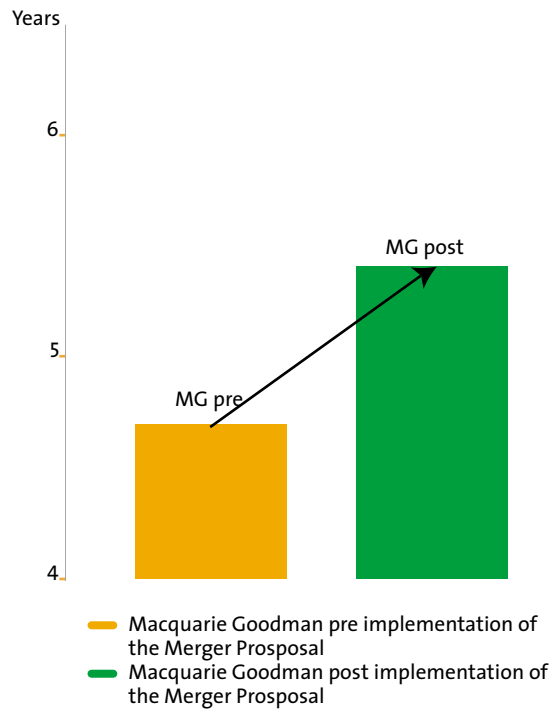
LEASE EXPIRY PROFILE BY NET INCOME



Increased Average Lease Term

If the Merger Proposal is implemented, the average lease term to expiry, based on net income as at 30 June 2000 and including tenancy pre-commitments, will increase from 4.7 years to 5.4 years. This indicates increased security of income as a result of the Merger Proposal.

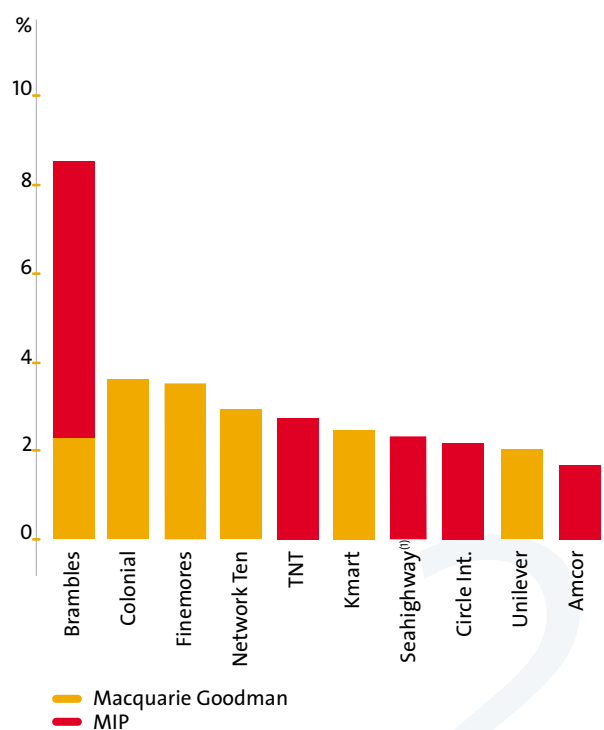
AVERAGE LEASE TERM



Tenancy Profile – Larger Number of Quality Tenants

Implementation of the Merger Proposal will further diversify the portfolio. The proportion of income from the top 10 tenants, based on net income as at 30 June 2000 and including tenancy pre-commitments, decreases from 41.5% currently to 31.7%, however, the largest tenant will represent 8.8% of net income as against 6.0% currently. The following graph illustrates the top 10 tenants for Macquarie Goodman assuming the Merger Proposal is implemented.

TENANCY PROFILE BY NET INCOME



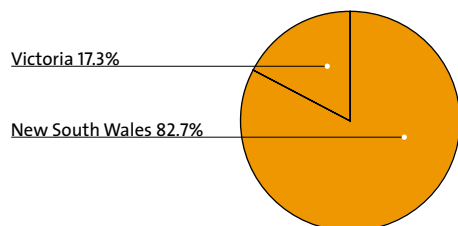
Note:

⁽¹⁾ Seahighway is a joint venture between Finemores and Kawasaki.

Geographic Diversity

The merged portfolio will still provide Unitholders with a dominant exposure to the key industrial property markets of Sydney and Melbourne. Importantly, post implementation of the Merger Proposal, the property portfolio will have an increased exposure to the strong South Sydney industrial market. The following charts reflect the pro-forma book values as at the Merger Date.

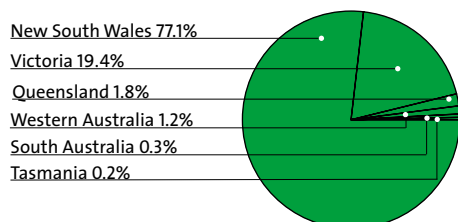
GEOGRAPHIC DIVERSIFICATION – PRE IMPLEMENTATION OF PROPOSALS⁽¹⁾



Note:

⁽¹⁾ Excludes Sinclair Knight House, Brisbane, Qld as it is assumed that the contract for sale in respect of this property will be settled shortly.

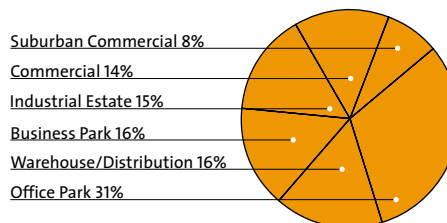
GEOGRAPHIC DIVERSIFICATION – POST IMPLEMENTATION OF PROPOSALS



Asset Class Diversity – Broader Mix

The merged portfolio will have exposure to all major industrial property types, with no more than 27% of the portfolio (by value) in any property type. The charts following reflect the pro-forma book values as at the Merger Date.

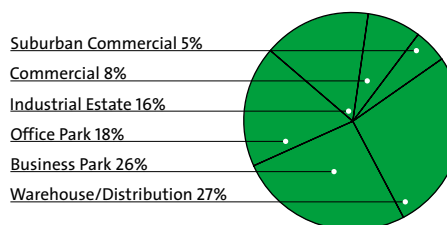
ASSET CLASS DIVERSITY – PRE IMPLEMENTATION OF PROPOSALS⁽¹⁾



Note:

⁽¹⁾ Excludes Sinclair Knight House, Brisbane, Qld as it is assumed that the contract for sale in respect of this property will be settled shortly.

ASSET CLASS DIVERSITY – POST IMPLEMENTATION OF PROPOSALS



Greater Development Potential

The development land bank within the combined property portfolio has the potential to add future income and capital appreciation. The combined management team with significant development expertise will be better placed to exploit the development opportunities in an expanded property portfolio.

The developments in the following table are either under construction or have been identified as opportunities (refer to Section 8 for further details). Where projects have commenced, the table shows the estimated remaining expenditure from 30 June 2000. Where projects are to be completed outside the forecast period, only that amount of estimated capital expenditure incurred prior to 30 June 2001 has been included in the forecasts.

LOCATION	AREA m ²	TENANT	ESTIMATED REMAINING CAPITAL EXPENDITURE \$m	YIELDS %	FORECAST COMPLETION
CityWest Office Park, Pyrmont, NSW	8,600	Developer Guarantee	16.8	9.25	December 2000
Lidcombe Business Park, Building C, NSW	10,300	Assumed 100%	9.1	9.25	March 2001
Lidcombe Business Park, Building B, NSW	11,100	Assumed 75%	9.9	9.25	August 2001
Lidcombe Business Park, Building A1/A2, NSW	7,400	Assumed 75%	13.0	9.25	December 2001
Discovery Cove Industrial Estate, Botany NSW	5,500	Circle International	6.3	9.25	March 2001
Botany Grove Industrial Estate, Botany, NSW	11,784	Fritz Companies ⁽¹⁾	10.8	9.03	March 2001
Arndell Park, Great Western Highway, NSW	8,090	Brambles Australia	4.9	9.25	March 2001
Fitzgerald Road, Laverton North, Vic	10,380	Brambles Australia	5.1	9.25	November 2000
Boundary Road, Laverton North, Vic	23,451	Caterpillar Logistics	9.5	8.75	February 2001
TOTAL	96,605		85.4		

Note:

⁽¹⁾ Fritz Companies has a pre-commitment over 77% of the area.

In addition, through GHMAL and Triden, Macquarie Goodman has access to projects at Chifley Industry Park, Moorabbin, Victoria and Cleveland Park, Homebush, NSW which in aggregate could accommodate approximately 255,000m² of development. Assumptions in relation to these developments are set out in Section 8.

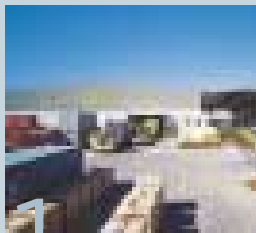
Profile of Properties

The tables on pages 25 to 35 set out particulars of the MIP and Macquarie Goodman portfolios as at 30 June 2000. All references to areas, except site areas, are references to either total lettable area ("TLA") or net lettable area ("NLA"), designated in square metres.

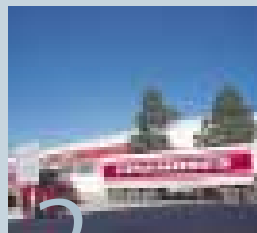
CONTENTS

1	616 Great Western Highway, Arndell Park, NSW	19	Enterprise Park, 461-495 Victoria Road, Gladesville, NSW	35	152 Miller Road, Chester Hill, NSW
2	77-85 Roberts Road, Chullora, NSW	20	44-46 Mandarin and 19-23 Seville Streets, Villawood, NSW	36	Chifley Industry Park, Dandenong Road, Moorabbin, Vic
3	283 Coward Street, Mascot, NSW	21	35-41 Waterloo Road, North Ryde, NSW	37	TransTech Business Park, 12 Mars Road, Lane Cove, NSW
4	283 Coward Street, Mascot, NSW	22	Botany Grove Industrial Estate, 21-23 Green Street, Botany, NSW (Stage 1)	38	Lidcombe Business Park, Cnr Parramatta Road and Birnie Avenue, Lidcombe, NSW
5	246 Miller Road, Villawood, NSW	23	Botany Grove Industrial Estate, 21-23 Green Street, Botany, NSW (Stage 2)	39	Pacific View Business Park, 10 Rodborough Road, Frenchs Forest, NSW
6	Fitzgerald Road, Laverton North, Vic	24	6-10 Talavera Road, North Ryde, NSW	40	CityWest Office Park, 1-33 Saunders Street, Pyrmont, NSW
7	457 Waterloo Road, Chullora, NSW	25	55 Forbes Street, West End, Brisbane, Qld	41	Macquarie Corporate Park, 101 Waterloo Road, North Ryde, NSW
8	48-50 Sheffield Road, Welshpool, WA	26	1 Healey Road, Dandenong, Vic	42	Cambridge Office Park, Cnr Oxford, Cambridge and Chester Streets, Epping, NSW
9	3 Sanitarium Road, Berkeley Vale, NSW	27	Finemores Distribution Centre, 33-47 Doherty's Road, Laverton, Vic	43	Hurstville Office Park, Cnr Forest and Gloucester Roads, Hurstville, NSW
10	36 Coward Street, Mascot, NSW	28	Kmart Distribution Centre, 90-110 Mills Road, Braeside, Vic	44	Colonial State Bank Centre, 223-237 Liverpool Road, Ashfield, NSW
11	Lot 2 Holbeche Road, Arndell Park, NSW	29	697 Gardeners Road, Mascot, NSW	45	Sun Building, 828 Pacific Highway, Gordon, NSW
12	Boundary Road, Laverton North, Vic	30	28 Britton Street, Smithfield, NSW	46	Prudential Centre, 475-501 Victoria Avenue, Chatswood, NSW
13	6 Bradford Way, Cavan, SA	31	324-326 Woodpark Road, Smithfield, NSW	47	Royal Domain Centre, 380 St Kilda Road, Melbourne, Vic
14	95 Bonds Road, Punchbowl, NSW	32	Sydney Park Industrial Estate, 149-163 Mitchell Road, Alexandria, NSW	48	Sinclair Knight House, 369 Ann Street, Brisbane, Qld
15	23-35 River Road, Burnie, Tas	33	Alexandria Industrial Estate, 1-3 Burrows Road, Alexandria, NSW		
16	Discovery Cove Industrial Estate, 1801 Botany Road, Banksmeadow, NSW	34	Biloela Street Estate, 76-82 Biloela Street and 33 Shaddock Avenue, Villawood, NSW		
17	27-53 Lysaght Street, Acacia Ridge, Qld				
18	Cnr Princes Highway and Wedgewood Drive, Hallam, Vic				

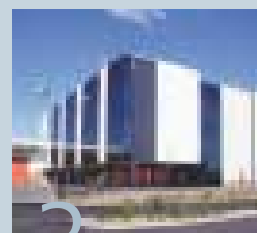
Macquarie Industrial Trust – Properties



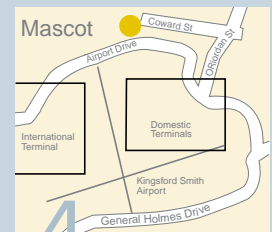
1



2



3



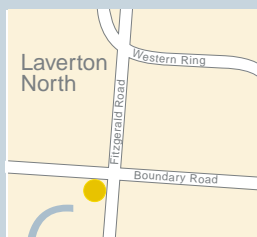
4

→ Property	616 Great Western Highway, Arndell Park, NSW	77-85 Roberts Road, Chullora, NSW	283 Coward Street, Mascot, NSW	283 Coward Street, Mascot, NSW
→ Location	Located in outer western Sydney, in close proximity to the M4 Motorway and the Great Western Highway.	Located in close proximity to major arterial roads including the M5 Motorway and within five kilometres of the Olympic facilities at Homebush.	Located adjacent to Sydney's domestic airport in South Sydney, in close proximity to the Mascot rail link and M5 extension.	Located adjacent to Sydney's domestic airport in South Sydney, in close proximity to the Mascot rail link and M5 extension.
→ Description	A modern single tenancy distribution facility with 16,000m ² of hardstand and truck manoeuvring areas.	A single tenancy distribution facility with extensive truck manoeuvring areas. The industrial complex comprises six stores including a cold storage facility.	A large, quality office/warehouse facility with an eight metre height clearance and a four level car park to accommodate 250 parking spaces.	Development site strategically located adjacent to the new TNT Facility.
→ Property Type	Warehouse/Distribution	Warehouse/Distribution	Warehouse/Distribution	Income producing development land
→ Site Area	72,070m ²	46,370m ²	19,498m ²	24,812m ²
→ Lettable Area	Total: 22,196m ² Office: 1,572m ² Warehouse: 20,625m ²	Total: 19,613m ² Office: 943m ² Warehouse: 18,670m ²	Total: 12,433m ² Office: 3,787m ² Warehouse: 8,646m ²	N/A
→ Latest Valuation	\$24,000,000 (01.06.1999)	\$20,500,000 (21.06.1999)	\$18,568,400 (04.02.2000)	As is: \$5,500,000 (20.08.1999) Inclusion of infrastructure works: \$6,270,000 (20.08.1999)
→ Book Value	\$25,930,000 (30.06.2000)	\$21,026,000 (30.06.2000)	\$15,965,374 (30.06.2000)	\$4,381,626 (30.06.2000)
→ Market Cap Rate	9.00%	10.25%	9.00%	10.00%
→ Occupancy	100%	100%	100%	N/A
→ Major Tenants	Tenant: Brambles Australia Expiry: 09.06.2009	Tenant: Seahighway ⁽¹⁾ Expiry: 06.11.2011	Tenant: TNT Australia Expiry: 17.07.2010	Tenant: Australand Walker (Land Rental) Expiry: 13.09.2004

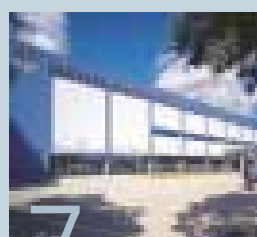
⁽¹⁾ Joint Venture between Finemore Holdings and Kawasaki.



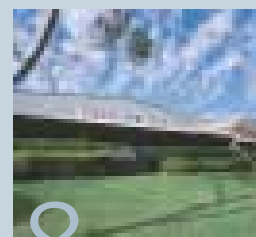
5



6



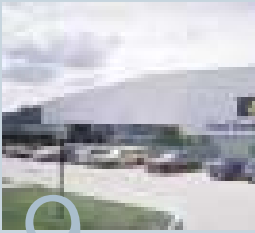
7



8

→ Property	246 Miller Road, Villawood, NSW	Fitzgerald Road, Laverton North, Vic	457 Waterloo Road, Chullora, NSW	48-50 Sheffield Road, Welshpool, WA
→ Location	Located 24 kilometres west of the Sydney CBD in close proximity to Woodville Road and the Hume Highway.	Located in western Melbourne, in close proximity to the new Western Ring Road and Princes Highway.	Located in the focal point of the Sydney road network, in close proximity to the junction of Route-3 Ring Road and the Hume Highway, within five kilometres of Olympic facilities.	Located in a premier Perth industrial precinct, in close proximity to International and Domestic Airports and the Kewdale Freight Terminal.
→ Description	High clearance distribution and storage facility with 48,250m ² of concrete and roadbase hardstand and an operating rail spur.	A single tenancy distribution facility with 14,175m ² hardstand and truck manoeuvring areas.	A newly refurbished industrial distribution facility with high clearance warehouse and modern office accommodation. The property has 16 loading bays with the majority located under awnings.	A quality single tenancy distribution facility with 14,700m ² of hardstand. The modern offices and attached reasonably high truss warehouses are separated by two canopies.
→ Property Type	Warehouse/Distribution	Warehouse/Distribution	Warehouse/Distribution	Warehouse/Distribution
→ Site Area	74,440m ²	150,000m ²	26,350m ²	75,310m ²
→ Lettable Area	Total: 13,545m ² Office: 1,421m ² Warehouse: 12,124m ²	Total: 22,780m ² Office: 420m ² Warehouse: 22,360m ²	Total: 16,061m ² Office: 2,055m ² Warehouse: 14,006m ²	Total: 15,787m ² Office: 1,360m ² Warehouse: 14,427m ²
→ Latest Valuation	\$17,000,000 (15.10.1998)	\$14,700,000 (01.06.1999) ⁽¹⁾	\$14,600,000 (30.06.2000)	\$11,750,000 (01.06.1999)
→ Book Value	\$18,171,000 (30.06.2000)	\$17,621,000 (30.06.2000)	\$14,600,000 (30.06.2000)	\$12,506,000 (30.06.2000)
→ Market Cap Rate	9.25%	10.00%	9.25%	9.17%
→ Occupancy	100%	100%	100%	100%
→ Major Tenants	Tenant: BHP Transport Expiry: 13.10.2011	Tenant: Brambles Australia Expiry: 09.06.2009	Tenant: Edwards Dunlop & Co Expiry: 11.06.2011	Tenant: Brambles Australia Expiry: 09.06.2009

⁽¹⁾ Valuation as at 01.06.1999 excludes construction work in progress included in the book value as at 30.06.2000.



9

3 Sanitarium Road,
Berkeley Vale, NSW

Located in the developing NSW Central Coast, in close proximity to the Newcastle Freeway and three kilometres to the north of Tuggerah.

A single tenancy distribution facility with expansion land characterised by efficient site manoeuvrability and functional design.

Warehouse/Distribution

64,950m²

Total:	19,147m ²
Office:	347m ²
Warehouse:	18,800m ²

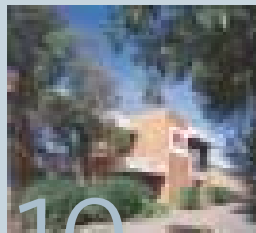
\$10,200,000 (01.01.2000)

\$10,215,000 (30.06.2000)

11.00%

100%

Tenant: Mayne Nickless
Expiry: 25 July 2004



10

36 Coward Street,
Mascot, NSW

Located six kilometres to the south of the Sydney CBD, adjacent to Sydney domestic airport and in close proximity to the proposed new Mascot rail link and M5 extension.

An industrial office/warehouse facility with 21,220m² of concrete hardstand.

Warehouse/Distribution

32,720m²

Total:	5,903m ²
Office:	1,271m ²
Warehouse:	4,632m ²

\$9,350,000 (30.06.2000)

\$9,350,000 (30.06.2000)

9.25%

100%

Tenant: TNT Australia
Expiry: 31.08.2003



11

Lot 2 Holbeche Road,
Arndell Park, NSW

Located 36 kilometres west of the Sydney CBD just north of the Great Western Highway and the M4 Motorway.

Stage 1 comprises a newly constructed industrial office/warehouse facility with Stage 2 being development land.

Warehouse/Distribution

20,440m²

Total:	5,837m ²
Office:	396m ²
Warehouse:	5,441m ²

\$5,589,000 (01.08.1997)

\$5,746,000 (30.06.2000)

10.50%

100%

Tenant: Brimac
Expiry: 18 March 2008



12

Boundary Road,
Laverton North, Vic

Located in western Melbourne, well positioned with good access to major road networks servicing Melbourne..

To be constructed, single tenancy, distribution facility with dual street access and extensive truck manoeuvring areas. In excess of 4.8 hectares of land, providing expansion opportunity for existing tenants.

Warehouse/Distribution

96,850m²

Total:	23,195m ²
Office:	1,037m ²
Warehouse:	22,158m ²

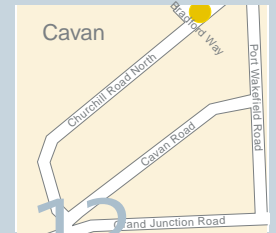
Land: \$4,300,000 (01.06.1999)

\$4,394,000 (30.06.2000)⁽¹⁾

10.00%

100%

Tenant: Pre-commitment to
Caterpillar Logistics
Services Inc



13

6 Bradford Way,
Cavan, SA

Located 10 kilometres to the north of the Adelaide CBD, in close proximity to National Highway 1.

A single tenancy distribution facility with 20,000m² of hardstand and rail spur. Low site coverage allows for redevelopment opportunities in the long term.

Warehouse/Distribution

48,540m²

Total:	11,593m ²
Office:	333m ²
Warehouse:	11,260m ²

\$3,150,000 (01.06.1999)

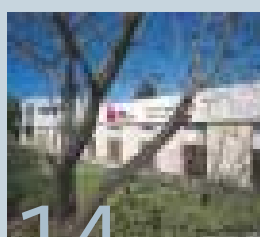
\$3,366,000 (30.06.2000)

12.00%

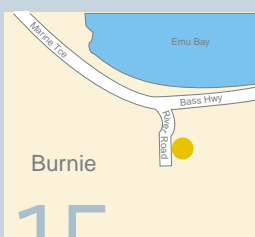
100%

Tenant: Brambles Australia
Expiry: 09.06.2009

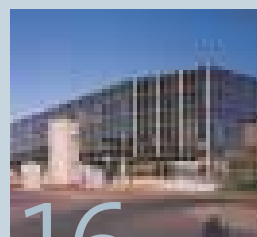
⁽¹⁾ Estimated valuation on completion is \$13,900,000 (30.06.2000).



14



15

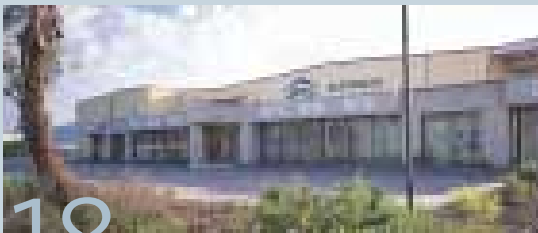


16



17

→ Property	95 Bonds Road, Punchbowl, NSW	23-35 River Road, Burnie, Tas	Discovery Cove Industrial Estate, 1801 Botany Road, Banksmeadow, NSW	27-53 Lysaght Street, Acacia Ridge, Qld
→ Location	Located 18 kilometres south-west of the Sydney GPO, in close proximity to Canterbury Road and the M5 Motorway.	Burnie is situated in northern Tasmania having good access to road, rail and sea transport.	Located near Port Botany container terminal and Sydney Airport in the heart of the South Sydney industrial region.	Located 14 kilometres south of Brisbane CBD in close proximity to major transport arteries including the South East Freeway and Gateway Arterial Road.
→ Description	An industrial office/warehouse facility with medium clearance warehouse height.	A single tenancy distribution facility with 21,450m ² of hardstand and medium height clearance.	A modern industrial unit estate including a café, commercial office accommodation and truck parking bays.	A multi tenancy industrial office/warehouse estate, this property comprises four separate industrial buildings of modern design and construction.
→ Property Type	Warehouse/Distribution	Warehouse/Distribution	Industrial Estate	Industrial Estate
→ Site Area	10,111m ²	39,740m ²	67,351m ²	32,366m ²
→ Lettable Area	Total: 5,997m ² Office: 1,107m ² Warehouse: 4,890m ²	Total: 5,416m ² Office: 216m ² Warehouse: 5,200m ²	Total: 44,066m ² Office: 11,972m ² Warehouse: 32,094m ²	Total: 18,549m ² Office: 1,955m ² Warehouse: 16,594m ²
→ Latest Valuation	\$2,800,000 (15.10.1998)	\$1,800,000 (01.06.1999)	\$54,200,000 (30.06.2000)	\$9,850,000 (30.06.2000)
→ Book Value	\$3,001,000 (30.06.2000)	\$1,903,000 (30.06.2000)	\$54,200,000 (30.06.2000)	\$9,850,000 (30.06.2000)
→ Market Cap Rate	12.75%	12.00%	9.25%	11.25%
→ Occupancy	100%	100%	100% ⁽¹⁾	100%
→ Major Tenants	Tenant: Avery Dennison Australia Expiry: 19.12.2002	Tenant: Toll Holdings Expiry: 27.06.2006	Tenant: Circle International Expiry: 31.01.2016 ⁽¹⁾ Includes monthly tenancies.	Tenant: Nissan Motor Co Expiry: 20.10.2001 Tenant: Delta Packaging Expiry: 31.03.2005



18

Cnr Princes Highway and Wedgewood Drive, Hallam, Vic

Located 35 kilometres south east of Melbourne in close proximity to the Princes Highway and the South Gippsland Freeway.

Comprises 14 modern industrial office/warehouse facilities varying in size and office warehouse ratios and one block of development land.

Business Park

Part 1:	96,388m ²	Part 2:	70.881m ²
Part 1:		Part 2:	
Total:	42,570m ²	Total:	31,826m ²
Office:	6,975m ²	Office:	5,981m ²
Warehouse:	35,595m ²	Warehouse:	25,845m ²

Part 1: \$25,000,000 (01.01.2000)

Part 2: \$28,550,000 (30.06.2000)

Part 1: \$25,035,000 (30.06.2000)

Part 2: \$28,500,000 (30.06.2000)

Part 1: 9.5% (avg)
100%⁽¹⁾

Part 2: 9.6% (avg)

Tenant: Dana Australia
Expiry: 14.05.2005
Tenant: Paper Merchant Holdings
Expiry: 30.04.2006
Tenant: Mitre 10
Expiry: 07.01.2006

⁽¹⁾ Includes monthly tenancies.



19

Enterprise Park, 461-495 Victoria Road, Gladesville, NSW

Located four kilometres from North Ryde on one of Sydney's main traffic arteries.

A multi tenancy office/warehouse estate. The estate comprises 11 functional units with extensive car parking.

Business Park

Total:	21,677m ²
Office:	6,015m ²
Warehouse:	15,662m ²

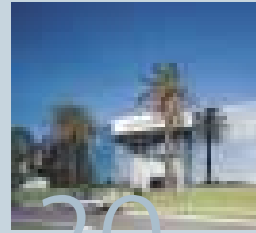
\$20,000,000 (30.04.1999)

\$20,153,000 (30.06.2000)

10.50%
100%⁽¹⁾

Tenant: American Express International
Expiry: 18.09.2001
Tenant: Beckman Coulter
Expiry: 31.03.2002

⁽¹⁾ Includes monthly tenancies.



20

44-46 Mandarin and 19-23 Seville Streets, Villawood, NSW

Located eight kilometres south of Parramatta with road transport access via Woodville Road.

A multi tenancy industrial/warehouse facility. This building comprises a high clearance warehouse facility with modern office accommodation over three levels and is divided into five tenancies.

Business Park

Total:	20,650m ²
Office:	4,915m ²
Warehouse:	15,735m ²

\$16,800,000 (30.06.2000)

\$16,800,000 (30.06.2000)

11.00%
86%

Tenant: Packcentre
Expiry: 30.09.2007
Tenant: Cegelec
Expiry: 31.12.2002



21

35-41 Waterloo Road, North Ryde, NSW

Located in a prominent position on the corner of Lane Cove and Waterloo Roads in close proximity to the M2 Motorway.

A reasonably modern industrial hi-tech multi tenancy facility comprising three office/warehouse units, arranged in two buildings.

Business Park

Total:	12,780m ²
Office:	7,729m ²
Warehouse:	5,051m ²

\$15,200,000 (30.04.1999)

\$15,200,000 (30.06.2000)

10.25%
100%

Tenant: Hanly Moir Pathology
Expiry: 31.12.2009
Tenant: Rolls Royce Pacific Power
Expiry: 31.12.2002

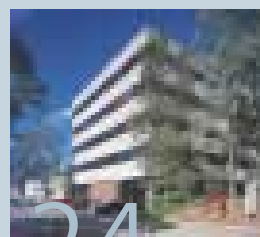
20



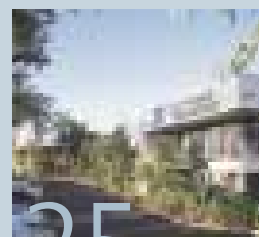
22



23



24



25

→ **Property**

Botany Grove Industrial Estate, 21-23 Green Street, Botany, NSW (Stage 1)

Botany Grove Industrial Estate, 21-23 Green Street, Botany, NSW (Stage 2)

6-10 Talavera Road, North Ryde, NSW

55 Forbes Street, West End, Brisbane, Qld

→ **Location**

Located in South Sydney, in close proximity to Port Botany container terminal and Sydney Airport.

Located in South Sydney, in close proximity to the Port Botany container terminal and Sydney Airport.

Located in Sydney's premier hi-tech industrial precinct, in close proximity to Lane Cove and the M2 Motorway. The property is also expected to benefit from the proposed Chatswood to Epping rail link.

The estate is centrally located in close proximity to the Brisbane CBD and major transport routes including the South East and Western Freeways.

→ **Description**

Hi-tech office/warehouse facility with 2,000m² expansion land. Generous parking, access areas and a high level of amenities are prominent features of this estate.

Currently under development. Stage 2 will comprise three office/warehouse units with 163 car parking spaces and high quality amenities.

An industrial hi-tech multi tenancy facility comprising five levels and a large warehouse.

A modern "linear" style multi tenancy industrial office/warehouse estate.

→ **Property Type**

Business Park

Business Park

Business Park

Business Park

→ **Site Area**

52,544m²

25,688m²

13,090m²

8,363m²

→ **Lettable Area**

Total: 9,917m²
Office: 4,405m²
Warehouse: 5,161m²
Café: 351m²

Total: 11,784m²
Office: 3,150m²
Warehouse: 8,634m²

Total: 8,689m²
Office: 6,066m²
Warehouse: 2,623m²

Total: 5,374m²
Office: 3,882m²
Warehouse: 1,492m²

→ **Latest Valuation**

\$14,220,000 (21.10.1999)

Land: \$6,130,000 (21.10.1998)

\$13,900,000 (30.04.1999)

\$7,800,000 (30.06.1998)

→ **Book Value**

\$14,483,000 (30.06.2000)

\$7,003,000 (30.06.2000)⁽¹⁾

\$13,903,000 (30.06.2000)

\$8,041,000 (30.06.2000)

→ **Market Cap Rate**

9.00%

9.03%

10.00%

9.50%

→ **Occupancy**

100%

100%

100%

100%

→ **Major Tenants**

Tenant: Com Tech Communications
Expiry: 31.08.2006
Tenant: Powerhouse Forwarding
Expiry: 14.12.2006

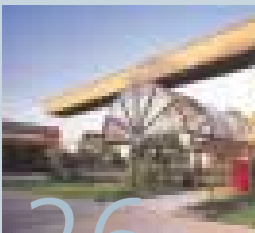
Tenant: Precommitment to Fritz Companies

⁽¹⁾ Estimated valuation on completion is \$17,400,000 (15.06.2000).

Tenant: Gateway 2000
Expiry: 31.03.2001
Tenant: Kyocera
Expiry: 31.08.2007

Tenant: Queensland Medical Laboratories
Expiry: 21.05.2004 and 20.11.2005

Macquarie Goodman Industrial Trust – Properties



26

1 Healey Road,
Dandenong, Vic

Located four kilometres west of Hallam with excellent exposure to main arterial roads.

Comprises two free-standing modern style industrial office/warehouse facilities.

Business Park

28,625m²

Total:	11,882m ²
Office:	2,085m ²
Warehouse:	9,797m ²

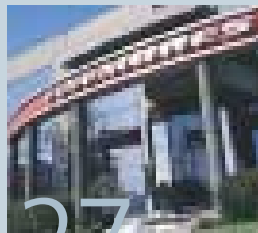
\$5,990,000 (01.01.2000)

\$6,183,000 (30.06.2000)

Lot 1: 9.50% Lot 2: 10.00%

95%

Tenant: Carter Holt Harvey
Expiry: 31.08.2006
Tenant: Australian Char
Expiry: 17.12.2005



27

Finemores Distribution
Centre, 33-47 Doherty's Road,
Laverton, Vic

Located in the established industrial area of Laverton, 15 kilometres west of the Melbourne CBD.

A substantial quality distribution centre with a large canopy of 8,353m² ensuring all weather loading.

Warehouse/Distribution

125,600m²

TLA:	53,144m ²
Office: (5%)	2,657m ²
Warehouse: (95%)	50,487m ²

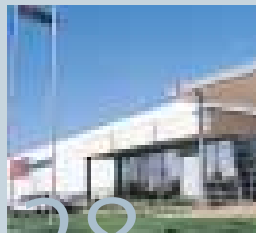
\$32,450,000 (30.06.2000)

\$32,450,000 (30.06.2000)

9.00%

100%

Tenant: Finemores
Expiry: 15.10.2010



28

Kmart Distribution Centre,
90-110 Mills Road,
Braeside, Vic

Located 23 kilometres south east of the Melbourne CBD, in the established industrial area of Braeside.

A modern substantial warehouse and distribution complex with a large awning area providing all weather access.

Warehouse/Distribution

80,010m²

TLA:	40,043m ²
Office: (4%)	1,535m ²
Warehouse: (96%)	38,508m ²

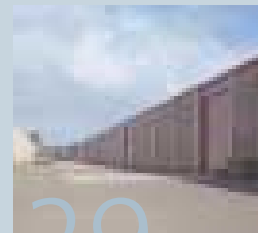
\$24,900,000 (30.06.2000)

\$26,300,000 (30.06.2000)

9.00%

100%

Tenant: Kmart
Expiry: 03.10.2010



29

697 Gardeners Road,
Mascot, NSW

Located seven kilometres south of the Sydney CBD in the South Sydney industrial precinct, close to Sydney Airport and Port Botany container terminals.

A large industrial warehouse extensively refurbished by previous owner in July 1998 and fully occupied by Brambles.

Warehouse/Distribution

42,930m²

TLA:	29,823m ²
Office: (6%)	1,789m ²
Warehouse: (94%)	28,034m ²

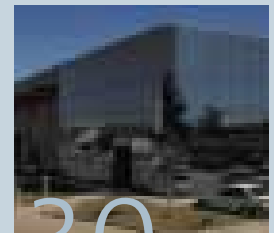
\$26,300,000 (30.06.2000)

\$24,900,000 (30.06.2000)

8.75%

100%

Tenant: Brambles
Expiry: 30.06.2010



30

28 Britton Street,
Smithfield, NSW

Located in the established industrial area of Smithfield, 30 kilometres west of the Sydney CBD and six kilometres south of the Parramatta CBD.

A substantial modern warehouse building with ancillary offices and a large awning providing all weather access.

Warehouse/Distribution

22,140m²

TLA:	12,910m ²
Office: (3%)	336m ²
Warehouse: (97%)	12,574m ²

\$10,500,000 (30.06.2000)

\$10,500,000 (30.06.2000)

10.00%

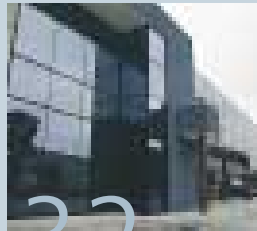
100%

Tenant: Tyre Marketers
Expiry: 30.08.2002

31



31



32



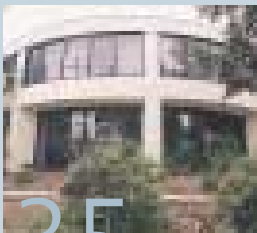
33



34

→ Property	324–326 Woodpark Road, Smithfield, NSW	Sydney Park Industrial Estate, 149-163 Mitchell Road, Alexandria, NSW	Alexandria Industrial Estate, 1–3 Burrows Road, Alexandria, NSW	Biloela Street Estate, 76-82 Biloela Street and 33 Shaddock Avenue, Villawood, NSW
→ Location	Located in the established industrial area of Smithfield, 30 kilometres west of the Sydney CBD and six kilometres south of the Parramatta CBD.	Located five kilometres south of the Sydney CBD in the South Sydney industrial precinct, close to Sydney Airport and Port Botany container terminals.	Located seven kilometres south of the Sydney CBD in the South Sydney industrial precinct, close to Sydney Airport and Port Botany container terminals.	Located in the established industrial area of Villawood, 24 kilometres west of the Sydney CBD and eight kilometres south of the Parramatta CBD.
→ Description	Two freestanding modern industrial warehouse buildings with attached office accommodation.	A substantial industrial estate with four large buildings containing functional warehousing and office areas.	A large industrial estate with five separate buildings containing functional warehousing and office areas.	A substantial industrial estate consisting of four separate buildings with warehouse areas providing high clearance storage and ancillary offices.
→ Property Type	Warehouse/Distribution	Industrial Estate	Industrial Estate	Industrial Estate
→ Site Area	14,750m ²	54,240m ²	40,806m ²	35,538m ²
→ Lettable Area	TLA: 8,492m ² Office: (11%) 892m ² Warehouse: (89%) 7,600m ²	TLA: 36,838m ² Office: (18%) 6,480m ² Warehouse: (82%) 30,358m ²	TLA: 27,022m ² Office: (10%) 2,744m ² Warehouse: (90%) 24,278m ²	TLA: 20,590m ² Office: (8%) 1,662m ² Warehouse: (92%) 18,928m ²
→ Latest Valuation	\$6,200,000 (30.06.1999)	\$35,000,000 (30.06.2000)	\$23,500,000 (30.06.2000)	\$15,900,000 (30.06.2000)
→ Book Value	\$6,225,000 (30.06.2000)	\$35,000,000 (30.06.2000)	\$23,500,000 (30.06.2000)	\$15,900,000 (30.06.2000)
→ Market Cap Rate	10.25%	9.25%	10.75%	10.75%
→ Occupancy	100%	100%	100%	100%
→ Major Tenants	Tenant: Boral Expiry: 14.02.2001	Tenant: Mayne Nickless Expiry: 30.06.2004 Tenant: Ausdoc Expiry: 31.01.2009	Tenant: Sealed Air Expiry: 31.07.2002 Tenant: GMS Fulfilment Expiry: 31.08.2002	Tenant: Cadbury Schweppes Expiry: 30.05.2001 Tenant: Tubemakers Expiry: 31.12.2004

32



35

152 Miller Road,
Chester Hill, NSW

Located 26 kilometres south west of Sydney and eight kilometres south of the Parramatta CBD.

A modern industrial complex consisting of two freestanding warehouse buildings with ancillary offices.

Industrial Estate

24,200m²

TLA:	11,853m ²
Office: (26%)	3,064m ²
Warehouse: (74%)	8,789m ²

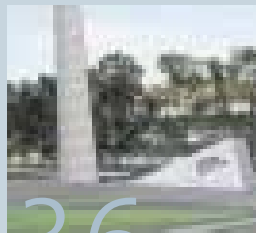
\$11,500,000 (30.06.2000)

\$11,500,000 (30.06.2000)

10.00%

100%

Tenant: Salmat
Expiry: 16.04.2006



36

Chifley Industry Park,
Dandenong Road,
Moorabbin, Vic⁽¹⁾

Located approximately 4.5 kilometres east of Nepean Highway, occupying the north east corner of Moorabbin Airport.

A proposed modern warehouse development with attached office and adjoining canopy area providing all weather access.

Industrial Estate

1.9 ha

TLA:	10,303m ²
Office: (3%)	297m ²
Warehouse: (97%)	10,006m ²

\$2,104,000 (30.06.2000)⁽²⁾

\$2,104,000 (30.06.2000)

9.00%

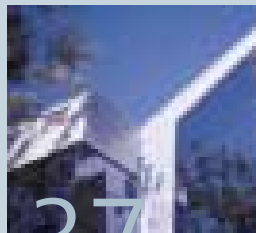
100%

Tenant: Coca-Cola Amatil
Expiry: 01.11.2005⁽³⁾

⁽¹⁾ Leasehold land with an initial term of 48 years from 04.04.2000 and an option for a further 49 years.

⁽²⁾ Book value due to completed works as at 30.06.2000.

⁽³⁾ Assumes practical completion on 01.11.2000.



37

TransTech Business Park,
12 Mars Road, Lane Cove,
NSW

Located 10 kilometres north of the Sydney CBD in the established lower North Shore industrial area of Lane Cove.

Recently completed office/warehouse complex with 12 units as well as two existing modern office warehouse buildings.

Business Park

33,550m²

TLA:	23,606m ²
Office: (35%)	8,262m ²
Warehouse: (65%)	15,344m ²

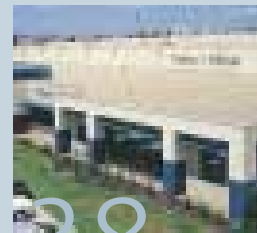
\$35,300,000 (31.12.1999)

\$35,677,000 (30.06.2000)

9.00%

80%

Tenant: Compaq Computer
Expiry: 29.02.2004
Tenant: WIV-Australia
Expiry: 31.12.2005



38

Lidcombe Business Park, Cnr
Parramatta Road and Birnie
Avenue, Lidcombe, NSW

Located 16 kilometres west of the Sydney CBD, on a prime site fronting Parramatta Road, Birnie Avenue and Bachell Avenue, Lidcombe.

Major business park under construction. First stage of 10,950m² completed September 1999 and second stage of 9,250m² completed June 2000. Further three buildings containing approximately 29,000m² proposed.

Business Park

52,539m²

TLA:	24,761m ²
Office: (15%)	3,714m ²
Warehouse: (85%)	21,047m ²

\$29,850,000 (30.06.1999)

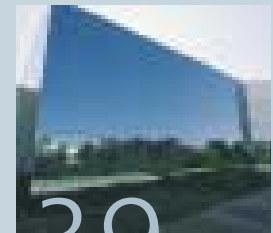
\$45,318,000 (30.06.1999)⁽¹⁾

8.75%

100%

Tenant: Fisher & Paykel
Expiry: 14.09.2009
Tenant: Quality Ingredients
Expiry: 31.05.2010

⁽¹⁾ The current book value of this property is \$45.3 million due to completed works as at 30.06.2000.



39

Pacific View Business Park,
10 Rodborough Road,
Frenchs Forest, NSW

Located 18 kilometres north of the Sydney CBD, in an established industrial area on Sydney's upper North Shore.

A high profile business park containing six units with separate office and warehouse components and parking for 176 vehicles.

Business Park

17,270m²

TLA	8,502m ²
Office (54%)	4,593m ²
Warehouse (46%)	3,909m ²

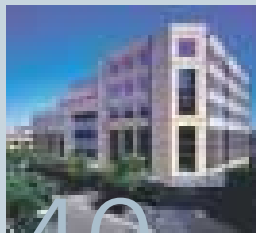
\$13,000,000 (30.06.2000)

\$13,000,000 (30.06.2000)

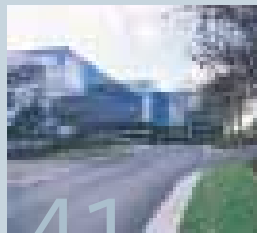
9.70%

100%

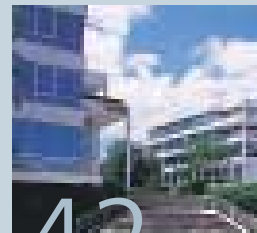
Tenant: Device Technologies
Expiry: 31.03.2001
Tenant: Dynsol Laboratory
Expiry: 31.12.2004



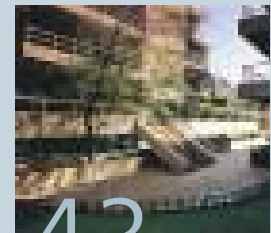
40



41



42



43

→ Property	CityWest Office Park, 1-33 Saunders Street, Pyrmont, NSW	Macquarie Corporate Park, 101 Waterloo Road, North Ryde, NSW	Cambridge Office Park, Cnr Oxford, Cambridge and Chester Streets, Epping, NSW	Hurstville Office Park, Cnr Forest and Gloucester Roads, Hurstville, NSW
→ Location	Located on the Pyrmont Peninsula adjacent to the Anzac Bridge, one kilometre west of the Sydney CBD.	Located in the heart of the North Ryde hi-tech area, 14 kilometres north west of the Sydney CBD.	Located 19 kilometres north west of the Sydney CBD, in the established suburban commercial area of Epping.	Located 16 kilometres south of the Sydney CBD in the established suburban commercial area of Hurstville.
→ Description	Office park with two new commercial office buildings of exceptional quality with the third and final stage due for completion in December 2000.	Modern recently refurbished, hi-tech industrial building over three levels arranged around a central atrium with car parking for 546 vehicles.	An office park comprising three office buildings, a recreation facility and basement car parking for 349 vehicles.	Office park with three commercial buildings, recreation facility and undercover parking for 254 vehicles.
→ Property Type	Office Park	Office Park	Office Park	Office Park
→ Site Area	4,833m ²	17,150m ²	13,280m ²	9,240m ²
→ Lettable Area	NLA 16,571m ²	NLA 14,687m ²	NLA 12,625m ²	NLA 10,010m ²
→ Latest Valuation	\$57,000,000 (31.12.1999) ⁽¹⁾	\$42,300,000 (30.06.2000)	\$36,500,000 (31.12.1999)	\$24,600,000 (30.06.2000)
→ Book Value	\$71,036,000 (30.06.2000)	\$42,300,000 (30.06.2000)	\$36,716,000 (30.06.2000)	\$24,600,000 (30.06.2000)
→ Market Cap Rate	8.25% and 8.50%	8.75%	9.25%	10.25%
→ Occupancy	100%	100%	100%	97%
→ Major Tenants	Tenant: Reckon Expiry: 31.03.2004 Tenant: Spike Networks Expiry: 31.03.2004 Tenant: One.Tel Expiry: 10.11.2004 Tenant: Network Ten Expiry: 21.12.2011	Tenant: CCH Expiry: 28.02.2002 Tenant: Fuji Xerox Expiry: 28.02.2002 Tenant: The Boots Company Expiry: 30.06.2003	Tenant: BBC Hardware Expiry: 31.03.2003 Tenant: Unilever Australia Expiry: 31.01.2005	Tenant: AMP Expiry: 31.08.2001 Tenant: NRMA Expiry: 31.12.2001 and 31.08.2004 Tenant: Qantas Expiry: 28.02.2006

⁽¹⁾ Valuations as at 31.12.1999 of Buildings A and B (\$31 million and \$26 million respectively) exclude Building C which is under construction with work in progress totalling \$13.95 million as at 30.06.2000.



44

Colonial State Bank Centre,
223–237 Liverpool Road,
Ashfield, NSW

Located in the established suburban commercial area of Ashfield approximately nine kilometres west of the Sydney CBD, adjacent to Ashfield Railway Station.

A modern six level suburban commercial office building with basement car parking for 275 vehicles and a large despatch/storage area.

Suburban Commercial

6,380m²

NLA 13,076m²

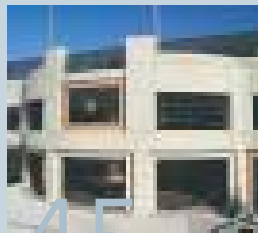
\$30,000,000 (31.12.1999)

\$30,000,000 (30.06.2000)

9.75%

100%

Tenant: Colonial State Bank
Expiry: 31.05.2001



45

Sun Building, 828 Pacific
Highway, Gordon, NSW⁽¹⁾

Located 16 kilometres from the Sydney CBD in the established suburban commercial area of Gordon.

A well specified five level commercial office building with four levels of basement car parking for 250 vehicles.

Suburban Commercial

4,182m²

NLA 7,430m²

\$20,300,000 (31.12.1999)

\$20,300,000 (30.06.2000)

9.50%

100%

Tenant: Maxxium Australia
Expiry: 17.09.2001
Tenant: Sun Microsystems
Expiry: 30.06.2003

⁽¹⁾ Leasehold title with 99 years from 28.08.1991.



46

Prudential Centre,
475–501 Victoria Avenue,
Chatswood, NSW⁽¹⁾

Located in the Chatswood CBD approximately 11 kilometres north of the Sydney CBD and 100 metres from the Chatswood Railway Station.

A twin tower office complex, each with 13 levels including a two level plaza, office and retail building and three levels of basement car parking for 438 vehicles.

Commercial Office

6,030m²

NLA 25,164m²

\$43,233,000 (31.12.1999)

\$43,242,000 (30.06.2000)

7.50%

98%

Tenant: Nortel Australia
Expiry: 13.03.2003
Tenant: Peoplesoft
Expiry: 28.02.2005
Tenant: Reed Elsevier
Expiry: 28.02.2005

⁽¹⁾ Macquarie Goodman owns 33.3% of this property.



47

Royal Domain Centre,
380 St Kilda Road,
Melbourne, Vic⁽¹⁾

Located in the well established St Kilda Road office precinct approximately two kilometres south of the Melbourne CBD.

High quality, commercial office building comprising eight office levels to the front and 12 office levels to the rear of the site and parking for 480 vehicles.

Commercial Office

3,651m²

NLA 24,597m²

\$40,500,000 (31.12.1999)

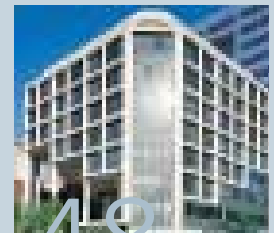
\$40,519,000 (30.06.2000)

7.00%

100%

Tenant: Australia Industry Council
Expiry: 24.08.2000
Tenant: Nortel Australia
Expiry: 31.03.2002

⁽¹⁾ Macquarie Goodman owns 50% of this property.



48

Sinclair Knight House,
369 Ann Street, Brisbane,
Qld⁽¹⁾

Located on the north eastern part of the Brisbane CBD on one of Brisbane's principal traffic links.

A modern commercial office building with two levels of basement car parking for 67 vehicles.

Commercial Office

1,831m²

NLA 6,656m²

\$17,500,000 (31.12.1999)

\$16,000,000 (30.06.2000)

8.50%

90%

Tenant: Kvaerner John Brown
Expiry: 31.12.2002
Tenant: Sinclair Knight Merz
Expiry: 30.09.2003,
30.09.2005 and
30.09.2008

⁽¹⁾ It is assumed that the sale of this property will occur prior to the Merger Date.



7. Macquarie Goodman (formerly Goodman Hardie) and the Responsible Entity

HISTORY

Macquarie Goodman (formerly Goodman Hardie) listed on the ASX on 5 July 1995 with eight industrial properties located in Sydney and assets of \$70.7 million. Since that time, GHMAL has actively managed, developed and improved the rental income and capital value of the Macquarie Goodman portfolio.

In June 1999, Macquarie Goodman acquired Capcount Property Trust (“Capcount”) increasing its property portfolio from \$240 million to \$560 million. The acquisition of Capcount not only increased property assets in a cost effective manner, but also diversified the portfolio providing exposure to office parks and enhanced total returns to Unitholders.

Currently, Macquarie Goodman has property assets of approximately \$600 million.

OBJECTIVES AND STRATEGY

The objective for Macquarie Goodman is to provide Unitholders with a superior total return on investment (capital appreciation and income) to that of competing trusts. Management will seek to achieve this through secure property investments in a diverse range of industrial estates, warehouse/distribution centres, business parks and office parks.

Being the largest listed industrial property trust, the merged trust will have a substantial tenant base, and this presents an opportunity to enhance the strategy of adding value for investors. The aim is to have a strong customer focus and to become the major service provider to corporate Australia for its industrial and business park requirements. GHMAL will utilise the merged tenant/asset base to support development to further add value for investors.

The investment strategy is to:

- provide consistent rentals and lease terms to optimise long term capital returns;
- invest in a balanced portfolio of quality properties to satisfy the requirements of modern corporate and industrial organisations in well established and located areas;
- maintain and actively manage the portfolio;
- provide greater diversity of locations, tenants and lease terms;
- maintain and develop relationships with tenants to meet their current and future requirements;
- add value to the existing portfolio through timely redevelopment or refurbishment;
- acquire properties which enhance the quality of the portfolio and returns to Macquarie Goodman Unitholders; and
- dispose of properties when they no longer satisfy the long term objectives of Macquarie Goodman.

MANAGEMENT, SUPERVISION AND CORPORATE GOVERNANCE

The Responsible Entity

The role of GHMAL as the Responsible Entity is to provide Macquarie Goodman with active management of Macquarie Goodman's assets and liabilities in the interests of Macquarie Goodman Unitholders. It is responsible for the implementation of investment proposals and for the financial management and accounting functions of Macquarie Goodman.

In addition to the above, the Responsible Entity is bound to comply with the Macquarie Goodman Constitution, Compliance Plan and other regulations. It is also responsible for marketing, investor relations and strategic planning for Macquarie Goodman.

The Responsible Entity ensures Macquarie Goodman performs in accordance with the Macquarie Goodman Constitution and other regulations. It also ensures that all expenses are properly and reasonably incurred and appoints Macquarie Goodman's valuers and auditor.

Compliance Committee

GHMAL has a formally constituted Compliance Committee with a majority of independent members. The Compliance Committee monitors the Responsible Entity's compliance with the Macquarie Goodman Constitution, the Compliance Plan for Macquarie Goodman and the provisions of the Corporations Law.

Triden, the Parent Company of GHMAL

GHMAL is a wholly owned subsidiary of Triden, an integrated property company listed on the ASX. Triden's activities include funds management, property services, property development and development management.

The Custodian

Trust Company of Australia Limited ("TCA") is the entity which holds the title of all of Macquarie Goodman's directly held assets on behalf of Macquarie Goodman Unitholders. TCA also carries out a custodial function on behalf of Tallina Pty Limited, at a sub-trust level.

Board of Directors of the Responsible Entity

GHMAL's Board of Directors is responsible for the overall corporate governance of Macquarie Goodman. The Board meets on a monthly basis, and more often if required, to discuss relevant business matters, review the financial statements of Macquarie Goodman and consider other matters relating to Macquarie Goodman.

All of the following Directors of GHMAL excluding Mr Robert Marich are also Directors of Triden.

The Directors and Senior Management of GHMAL and Triden have considerable experience and a proven track record in property, finance and trust administration. The existing Directors of GHMAL and Triden support the appointment of Directors who bring a range of business skills and experience that are relevant to the property industry.

THE BOARD OF DIRECTORS OF GHMAL AND TRIDEN

The terms and conditions of the appointment and the retirement of Non-Executive Directors are set out in a letter of appointment. The appointment letter covers remuneration, terms of appointment, Board meeting preparation and attendance, guidance on conflicts issues and availability of independent professional advice.

The Chairman regularly reviews the performance of the Directors and the Directors review the performance of the Chairman at the same time. A Director may resign at any time or the Board may ask a Director whose performance is considered unsatisfactory to retire. Ultimately it is the Board of Triden that controls the appointment of the Board of GHMAL.

Independent Professional Advice

GHMAL has the right to seek reasonable independent professional advice at Macquarie Goodman's expense. Individual Directors of GHMAL are encouraged to discuss matters fully and make consensus decisions at Board meetings without the need to resort to obtaining individual professional advice. Only expenditure on professional advice obtained by independent Directors which has been approved by GHMAL is reimbursable by Macquarie Goodman.

Directors of GHMAL

Brief resumes of the Directors of the current responsible entity, are set out below:

Mr Robert Marich, B Comm, FAICD Dip

Non-Executive Chairman

Robert is the Non-Executive Chairman and a member of the Audit Committee of GHMAL. Robert has over 15 years experience in the financial and investment services industry and a further 22 years experience in private business. Robert was previously a Director of Bain and Company, specifically involved in financial planning and funds management, and the chairman of the Internal Investment Management Committee. Robert has significant experience in funds management, trust administration and investment.

Dr Peter Dodd, PhD, MSc, M Comm, B Comm, Dip Ed

Non-Executive Director

Peter is a Non-Executive Director and a member of the Audit Committee of both GHMAL and Triden. Peter is a Director of ABN Amro and was previously an Executive Director of UBS Warburg Australia Corporate Finance Limited and Dean and Director of the Australian Graduate School of Management, the business school of both the University of New South Wales and University of Sydney. Peter is also the Chairman of Delta Electricity and a Director of the Centre for Independent Studies.

Dr David Teplitzky, PhD, BE (Hons Chem), BSc

Non-Executive Director

David is a Non-Executive Director of GHMAL and the Non-Executive Chairman of Triden. David is also a member of the Audit Committee of GHMAL and the Remuneration and Audit Committees of Triden. David is the retired Regional Director of American Cyanamid Company and the former Managing Director of Formica Australia Limited and Lederle Pharmaceuticals Limited. He was a foundation Director of Australian Technology Group Limited and he is the Executive Chairman of Hydrocool Pty Limited and has been active for many years in venture capital and high technology companies in Australia and South-East Asia as a consultant and Director.

Mr Gregory Goodman

Executive Director

Gregory is an Executive Director of both GHMAL and Triden. Gregory has 17 years experience in the property industry with significant expertise in property investment, development, management and funds management. He was the co-founder of Macquarie Goodman playing an integral role in its management, strategy and growth.

Directors of Triden

Messrs Dodd and Goodman are also Directors of Triden, with the Chairman being Dr Teplitzky. The following person is also a Director of Triden:

Mr Patrick Goodman

Non-Executive Director

Patrick is a Non-Executive Director and a member of the Audit and Remuneration Committees of Triden. He is also Managing Director of the Goodman Group and Chairman of Moorabbin Airport Corporation Pty Limited. Patrick has over 15 years experience as an investor in equity and property markets.

Subject to the approval of the transaction between Triden and the Macquarie Bank Group by Triden's shareholders, the following persons will also be appointed as Directors of Triden, with Mr David Clarke being appointed Chairman and Dr Teplitzky being appointed Deputy Chairman:

Mr David Clarke, AO, BEc (Hons), Hon DSc Econ Sydney, MBA (Harv)

David is Executive Chairman of Macquarie Bank Limited. David was previously Managing Director and then Chairman of Macquarie's predecessor organisation, Hill Samuel Australia Limited. David has extensive experience as a Chairman and is currently Chairman of all the management companies of Macquarie's listed property funds management businesses. He is also Chairman of Brian McGuigan Wines Limited, the Australian Rugby Union Limited, the Wine Committee of the Royal Agricultural Society of NSW and the Advisory Board of the Salvation Army. David is also President of the National Council of Opera Australia.

Mr William Moss, BEc, AAPI, ADB (Val)

Bill is Group Head and Chief Executive of Macquarie Bank's Banking and Property Group with over 25 years experience in the banking and finance industries. Bill is Chairman of Medallist Golf Developments, Omni Leisure Operations Limited and Macquarie Direct Property Management Limited. He is a Director of Macquarie Office Management Limited, Macquarie Industrial Management Limited and Macquarie CountryWide Management Limited.

Mr Michael Easson, AM, BA (Hons), SAICD

Michael is a Director of Macquarie Infrastructure Investment Management Limited, Macquarie Industrial Management Limited, Australian Stationery Industries, ACTEW, InTech, Stadium Australia and UNICEF Australia. Michael is an adviser to Corrs Chambers Westgarth and other organisations. Michael was, until recently, an Adjunct Professor at the Australian Graduate School of Management and held a statutory appointment as a Councillor on the National Competition Council.

Mr James Kennedy, AO, CBE, DUniv (QUT), FCA, FCPA, FSIA, FAICD, FAIM, FAMI

James is Chairman of the Queensland Investment Corporation, Deputy Chairman of GWA International Limited and holds directorships in several major Australian companies, including Qantas Airways Limited, Suncorp-Metway Limited, Macquarie Industrial Management Limited and Australian Stock Exchange Limited. James is also a member of Blake Dawson Waldron National Advisory Board, the Prime Minister's "Community Business Partnership", the Queensland University of Technology's "Australian Centre for Strategic Management" and the Development Council of the University of Queensland.

SENIOR MANAGEMENT

If Unitholders approve the Merger Proposal, the following persons will be Joint General Managers:

Mr David van Aanholt, BBus (Land Economy) APPI

Joint General Manager

David has over 12 years experience in the property industry including valuation, sales, leasing, development management, asset management and funds management. David has the day-to-day responsibility for the overall co-ordination of Macquarie Goodman's activities. David works closely with the Board on investment proposals, strategic planning and marketing. Previously he was employed by Paladin Australia Limited as the asset manager of its industrial portfolio and prior to that was an Associate Director of the property advisory firm, CDH Properties.

Mr James Hodgkinson

Joint General Manager

James is currently the Chief Executive Officer of MIP and has held this position since February 1995. James is a Division Director of Macquarie Bank Limited and has 12 years experience in property funds management and chartered accounting. James combines property expertise with accounting, taxation and due diligence skills across a broad range of industries. James has the day-to-day responsibility for the overall co-ordination of MIP's activities including financial management, acquisition assessment and negotiation, marketing and Unitholder relations and property management. James is a member of the Industrial Sub-Committee of the Property Council of Australia.

WHERE TO FIND FURTHER INFORMATION

Macquarie Goodman is a disclosing entity for the purposes of the Corporations Law. As a disclosing entity Macquarie Goodman is subject to regular reporting and disclosure obligations. Copies of any documents lodged in relation to Macquarie Goodman at ASIC or the ASX may be obtained from or inspected at an office of ASIC or the ASX.

Inspection of Documents

GHMAL will provide a copy of the following documents free of charge to any Macquarie Goodman Unitholder upon request:

- a full copy of the Independent Expert's Report;
- the annual financial report of Macquarie Goodman, most recently lodged with ASIC;
- any continuous disclosure notices given by Macquarie Goodman in the period between lodgement of the financial report referred to above and the lodgement of this Notice of Meeting and Explanatory Memorandum with ASIC;
- the DRP booklet;
- the Macquarie Goodman Constitution (including the proposed amendments to it); and
- the Implementation Deed.

Requests for copies of these documents may be made to Macquarie Goodman's Investor Relations on 1800 024 830.

8. Financial Information

OVERVIEW

The forecasts in this section must be read in conjunction with the major forecast assumptions and risk factors outlined later in this section along with the Independent Accountant's Report contained in Section 9. While the Responsible Entity believes the assumptions made in preparing the forecasts are appropriate and reasonable, some factors that may affect results cannot be foreseen or accurately predicted and many factors are beyond the control of the Responsible Entity. Actual results often differ from forecast results. Consequently, the Responsible Entity cannot guarantee that the forecast results will be achieved.

STATEMENTS OF FINANCIAL PERFORMANCE

	PROPOSALS ARE NOT IMPLEMENTED		PROPOSALS ARE IMPLEMENTED	
	3 months ending 31 Dec 2000 (\$m)	6 months ending 30 Jun 2001 (\$m)	3 months ending 31 Dec 2000 (\$m) ⁽¹⁾	6 months ending 30 Jun 2001 (\$m)
Total Net Property Income	13.5	29.7	20.5	50.6
Interest Expense	2.1	5.8	3.6	11.6
Responsible Entity Fee	1.1	2.4	1.2	2.7
Other Expenses	0.3	0.7	0.3	1.0
Total Expenses	3.5	8.9	5.1	15.3
Net Income	10.0	20.8	15.4	35.3
Transfer from Reserves	0.5	0.2	0.3	1.2
Distributable income	10.5	21.0	15.7	36.5
Weighted Average Units (million)	392.1	392.1	543.7	619.5
Earnings per Unit (cents)	2.550	5.311	2.836	5.706
Distributions per Unit (cents)	2.675	5.350	2.884	5.900
Annualised Distributions (cents)		10.7		11.8

Note:

⁽¹⁾ The forecasts in respect of this period assume the merger occurs on 1 November 2000, and include only two months of results post implementation of the Proposals and one month of results pre implementation of the Proposals.

If the Proposals are implemented, the forecast distribution for the eight months from the Merger Date is equivalent to an annualised distribution of 11.8 cents per unit.

PRO-FORMA STATEMENT OF FINANCIAL POSITION

	MACQUARIE GOODMAN as at 30 Jun 2000 (\$m) ⁽¹⁾	MACQUARIE GOODMAN merged as at 1 Nov 2000 (\$m)
Cash	1.2	2.2
Other Assets	25.5	9.2
Property Investments	607.7	1,016.6
Total Assets	634.4	1,028.0
Accounts Payable	7.0	8.0
Provision for Distribution	9.7	12.9
Borrowings	191.1	259.7
Total Liabilities	207.8	280.6
Net Assets	426.6	747.4
Units on Issue (million)	351.7	619.5
NTA (\$)	1.213	1.206
Borrowings/Total Assets (%)	30.1	25.3

Note:

⁽¹⁾ These actual figures are extracted directly from the 30 June 2000 audited financial report of Macquarie Goodman.

MAJOR FORECAST ASSUMPTIONS

The major assumptions used in preparation of the forecasts are set out below.

Merger Date

For the purposes of the forecast, it has been assumed that the Merger Date will be 1 November 2000.

Investment Property Values

The Responsible Entity has anticipated, for the period to the Merger Date, that the recoverable value of the investment properties will not be less than the consolidated book value of the investment properties as at the Merger Date. Revaluation increments are credited directly to an asset revaluation reserve. Revaluation decrements are taken directly to the asset revaluation reserve to the extent that such losses are covered by amounts previously credited to that reserve and are still available in that reserve. Revaluation decrements in excess of amounts available in the reserve are first charged to the Statement of Financial Performance and then an equivalent amount transferred to the asset revaluation reserve.

Subsequent revaluation increments which recover amounts previously charged to the Statement of Financial Performance are, to that extent, credited to the Statement of Financial Performance and then transferred to the asset revaluation reserve.

Where a property is acquired, the costs of acquisition are capitalised and included in the book value of the property.

Property Income and Expenses

Where rental reviews occur during the forecast period, it has been assumed that rentals will be escalated in accordance with the lease terms either by fixed percentages, market rental escalation or CPI increases.

During the forecast period, market rental growth of between 2.50% and 4.00% per annum has been assumed, depending on the location and quality of the property.

The introduction of GST has been forecast to provide a “one-off” increase in CPI during the forecast period. Where a lease provides for a CPI rental increase and does not require adjustment for the GST impact, a rate of 4.50% has been adopted. Where a lease specifically requires an adjustment to CPI for the impact of GST, 2.50% has been adopted.

An overall average of three months rental vacancy has been allowed for all leases expiring during the forecast period. Further, an average tenancy retention of 50% has been assumed. This is less than the actual historic tenancy retention rate of both Macquarie Goodman and MIP. This vacancy allowance provides for advertising, repairs and maintenance, fit-out, rent free periods and unrecoverable outgoings in the period. It has been assumed that the terms of any new lease will commence at a market rate.

Property expenses have been forecast based on existing contracts and assumptions for future costs.

Responsible Entity’s Management Fee

The Responsible Entity’s management fee:

- assuming the Proposals are not implemented; and
- up to the Merger Date assuming the Proposals are implemented,

is calculated as 0.70% per annum of the gross asset value of Macquarie Goodman on the last day of the previous month, payable monthly.

Post implementation of the Proposals, the base fee pursuant to the Responsible Entity’s Fee Proposal has been adopted, that is, 0.50% per annum of the gross asset value up to \$700 million, plus 0.45% per annum in excess of \$700 million, payable monthly. No Performance Fee (payable to the Responsible Entity) has been assumed in the forecasts.

Performance Fee

Implementation of the Merger Proposal constitutes a Trigger Event in the MIP constitution, giving rise to a performance fee payable to Macquarie Industrial Management Limited (“MIML”), if MIP out-performs its peers from 1 July 2000 to the Merger Date. MIML has agreed to amend and limit the amount paid by MIP in satisfaction of a performance fee. In preparing the forecasts, it has been assumed that MIML will receive the maximum entitlement of 1,388,889 MIP units. On the Merger Date, these units will then convert into 1,125,000 Macquarie Goodman Units at the ratio of 0.81 Macquarie Goodman Units for each MIP unit.

As mentioned in “Responsible Entity’s Management Fee” above, no Performance Fee (payable to the Responsible Entity) has been assumed in the forecasts post implementation of the Proposals, however, the effect of Performance Fees on distributions is illustrated in Section 5 in the sub-section entitled “Arguments Against the Proposals”.

Trustee’s Fee

The Responsible Entity is the trustee for Macquarie Goodman. The trustee’s fee has been calculated in accordance with the Constitution of Macquarie Goodman. The maximum fee payable of \$400,000 per annum has been adopted in preparing the forecasts.

Property Services Fees

Triden, certain of its controlled entities and other external real estate agents receive leasing fees, property services fees, development management fees and other fees relating to the sale, purchase and development of investment properties. These fees are based on prevailing market rates and are reviewed annually.

Borrowings

Macquarie Goodman has a syndicated \$220 million revolving commercial bill facility with the National Australia Bank Limited and Australia and New Zealand Banking Group Limited. Macquarie Goodman has knock out swaps for \$100 million at a weighted average rate of 6.56% including line fees during the forecast period.

The revolving commercial bill facilities enable cash reserves to be kept to a minimum therefore reducing interest expense during the year.

MIP has a \$140 million cash advance facility with the Westpac Banking Corporation Limited. MIP has swaps totalling \$79 million at a weighted average rate, inclusive of margins and line fees, of 7.25% during the forecast period.

The above facilities have been reflected in the borrowing costs over the forecast period. The weighted average borrowing costs, inclusive of margins, are as follows:

Proposals not implemented

3 months to 31 December 2000:	6.73% per annum
6 months to 30 June 2001:	6.87% per annum

Proposals implemented

3 months to 31 December 2000:	7.01% per annum
6 months to 30 June 2001:	7.08% per annum

Property Divestments and Acquisitions

Divestments

It is the Responsible Entity's intention to settle on the sale of Sinclair Knight House, Brisbane, Qld prior to Merger Date. The net proceeds on the sale are assumed to equate to current book value and funds will be used to reduce borrowings.

The forecasts assume that the Prudential Centre, Chatswood, NSW will be sold and settled during the year ending 30 June 2001.

Acquisitions

It is the Responsible Entity's intention that the sale proceeds obtained from the divestment of the Prudential Centre, Chatswood, NSW would be used for the acquisition of a new property of equivalent value, providing the trust with a return of 9.25%. It is forecast that this acquisition is made at the same time that the corresponding divestment is made.

Triden has exercised an option to purchase a redevelopment property at Cleveland Park, Homebush, NSW (the old Ford Motor Company production facility). It is assumed that the site is acquired by Macquarie Goodman for \$34 million in December 2000, yielding a net return (from Triden) of 10% per annum.

It is also assumed that Macquarie Goodman will obtain an interest in four properties at Chifley Industry Park, Moorabbin, Victoria. These properties will be acquired by making progressive payments towards the development cost.

Capital Expenditure Projects

The forecasts allow for the following major capital expenditure projects to 30 June 2001. These developments will be commenced subject to market demand for the proposed areas. Some projects have commenced, and in this instance, the table shows the estimated remaining expenditure from 30 June 2000 to completion of the project. Where projects are completed outside the forecast period, only that amount of estimated capital expenditure incurred prior to 30 June 2001 has been included in the forecasts.

PROPERTY	PROJECT	ESTIMATED REMAINING CAPITAL EXPENDITURE	START DATE	COMPLETION DATE
CityWest Office Park, Building C Pyrmont, NSW		\$16.8 million	January 2000	December 2000
Chifley Industry Park, Moorabbin, Vic	Stage 1	\$2.2 million	March 2000	October 2000
Chifley Industry Park, Moorabbin, Vic	Stage 2	\$5.4 million	September 2000	June 2001
Chifley Industry Park, Moorabbin, Vic	Stage 3	\$15.7 million	January 2001	December 2001
Chifley Industry Park, Moorabbin, Vic	Stage 4	\$7.6 million	April 2001	February 2002
Lidcombe Business Park, NSW	Building C	\$9.1 million	June 2000	March 2001
Lidcombe Business Park, NSW	Building B	\$9.9 million	February 2001	August 2001
Lidcombe Business Park, NSW	Buildings A1/A2	\$13.0 million	November 2000	December 2001
Cleveland Park, Homebush, NSW		\$22.2 million	May 2001	April 2002
Discovery Cove Industrial Estate, Stage 5, Banksmeadow, NSW	Unit 10B	\$6.3 million	July 2000	March 2001
Botany Grove Industrial Estate, NSW	Stage 2	\$10.8 million	July 2000	March 2001
Arndell Park, Great Western Highway, NSW	Expansion	\$4.9 million	July 2000	March 2001
Fitzgerald Road, Laverton North, Vic	Expansion	\$5.1 million	July 2000	November 2000
Boundary Road, Laverton North, Vic	Stage 1	\$9.5 million	July 2000	February 2001

Distribution Reinvestment Plan

It was recently announced that the DRP is suspended. It has been assumed that the DRP is not operational during the forecast period.

Transfers from Reserves

The transfer from reserves to determine distributable income is permitted by the Macquarie Goodman Constitution. The amounts assumed to be transferred from the capital profits reserve (which partially reflect rent foregone during redevelopment) during the forecast period are as follows:

<i>Proposals not implemented</i>	\$0.70 million
<i>Proposals implemented</i>	\$1.50 million

Accounting Policies

It is assumed that there are no material changes to accounting standards and policies, as previously applied by Macquarie Goodman and MIP. These accounting standards and policies have been consistently applied in preparing the forecasts.

Depreciation

In accordance with Accounting Standard AASB 1021:

Depreciation of Non-Current Assets, investment properties are not depreciated.

Deferred Leasing, Tenancy and Borrowing Costs

Expenditure on direct leasing and tenancy costs is capitalised and amortised over the lease term in proportion to the rental revenue recognised each financial year. Expenditure incurred in obtaining debt finance is capitalised and written off over the period of the finance facility.

Issue Costs

Transaction costs arising on the issue of units are offset directly against the proceeds from the issue of units.

Taxation

Income Tax

Under current Income Tax legislation, Macquarie Goodman is not liable for income tax provided that the taxable income is fully distributed to Unitholders each year.

Goods and Services Tax

The impact of the introduction of this legislation as of 1 July 2000, has been taken into account in preparing the forecasts.

For additional information on taxation issues as they may potentially impact on Unitholders of Macquarie Goodman, refer to Section 11.

Other Assumptions

The forecasts assume no new capital is raised during the forecast period. However, during the forecast period the Responsible Entity may consider property sales or acquisitions, in addition to those noted above. Any additional acquisitions may require further capital raising or debt finance and could have an impact on forecast distributions.

For the purpose of the forecasts, no allowance has been made for any changes in property values (other than where capital expenditure is assumed).

All material leases are enforceable and performed in accordance with their terms.

There are no changes in federal, state or local government laws (including income taxation laws), regulations or policies that will have a material impact on the forecasts.

RISK FACTORS

An investment in Macquarie Goodman, pre and post implementation of the Proposals, will be subject to risks, some of which may be outside the control of the Responsible Entity. The following particular risks should be considered:

General Risks

A number of general risks affect most investments in securities including units in Macquarie Goodman. These include:

- movements in local and international share markets;
- interest rates and other general economic conditions; and
- changes in government fiscal, monetary and regulatory policies and statutory charges.

Trust Specific Risks

Other risk factors which may affect the distributions and the market price of units in Macquarie Goodman include:

- an increase in the supply of ASX listed property trust units or a decrease in the demand for Macquarie Goodman Units on the ASX;
- fluctuations in the value of Macquarie Goodman's property assets due to general market conditions or conditions which affect a specific sector of the property market;
- ability to sell non-core assets at the assumed price and timeframe;
- movements in property rental levels and occupancy levels in the properties and/or the market generally;
- technological changes impacting on the demand for leaseable space;
- the possibility that third parties, including tenants, may default on their obligations;
- unanticipated capital expenditure on property investments may affect debt and equity requirements;
- expenses being greater than anticipated;
- movements in market interest rates affecting the cost of any borrowings for which the interest rate has not been fixed;
- assumptions used in preparing the forecast financial information not being achieved;
- development and construction activity in the portfolio would increase capital expenditure obligations and income receipts;

- major unforeseen litigation may occur;
- GST may not be recoverable under some lease agreements; and
- the merged trust not being included in the relevant S&P/ASX indices.

Development Risk

There are conditions precedent to the acquisition of land for development of Discovery Cove Industrial Estate, Stage 5, Banksmeadow, NSW. In brief, these are:

- remediation of the site at the vendor's cost (Caltex Refineries NSW Pty Limited) and confirmation by an independent auditor that the site is fit for commercial/industrial use and will not require on-going monitoring; and
- removal of vendor controlled easements burdening the site prior to completion.

The relocation of Fritz Fliway to Botany Grove Industrial Estate, Stage 2, Botany, NSW and the expansion of Circle International into Unit 11 at Stage 5 of Discovery Cove are inter-dependent.

General risks associated with the developments undertaken by the trust include construction risks, including delays attributable to bad weather, industrial disputes, cost overruns and loss of tenent pre-commitments.

Some developments are undertaken by Triden, with Triden accepting the development risk and Macquarie Goodman contracting to purchase the building for a fixed price. The risk for Macquarie Goodman is that Triden does not meet its obligations.

Property Market Specific Factors

Macquarie Goodman Unitholders should consider the following risks that are relevant to the property market:

- changes in the demand and supply fundamentals of the market in which Macquarie Goodman has investments may influence rental levels and affect future income performance and asset value; and
- the supply of new properties, either through new construction or refurbishment, may affect the ability of Macquarie Goodman to secure lease renewals or obtain new tenants.

9. Independent Accountant's Report



KPMG Transaction Services (Aust) Pty Ltd

Licensed Securities Dealer No. 15791

KPMG Centre
45 Clarence Street
Sydney NSW 1213
Australia

PO Box H67
Australia Square
Sydney NSW 1213
Australia

A.C.N. 003 891 718

Telephone: (02) 9335 7000
Fax: (02) 9335 7200
DX 1056 SYDNEY
www.kpmg.com.au
transactionservices@kpmg.com.au

The Board of Directors
Goodman Hardie Management Australia Limited
Level 10
60 Castlereagh Street
Sydney NSW 2000
13 September 2000

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT ON DIRECTORS' FORECASTS

Introduction

This report has been prepared by KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services"), a wholly owned company of KPMG and Licenced Securities Dealer No.15791, for inclusion in the Explanatory Memorandum to be dated 11 September 2000.

The Explanatory Memorandum has been issued in connection with the proposed merger of the Macquarie Goodman Industrial Trust ("Macquarie Goodman," formerly Goodman Hardie Industrial Property Trust) with Macquarie Industrial Trust ("MIP"). The details of the proposal are set out in Section 5 of the Explanatory Memorandum.

Expressions defined in the Explanatory Memorandum have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to review the Directors' Forecasts as set out in Section 8 of the Explanatory Memorandum, comprising:

- the forecast Statement of Financial Performance for the three months ending 31 December 2000 for each of:
 - Macquarie Goodman (on a stand alone basis assuming the merger proposals are NOT implemented); and
 - Macquarie Goodman merged (assuming the merger proposals ARE implemented on 1 November 2000);



KPMG. KPMG, an Australian partnership, is a member of KPMG International, a Swiss association.

 Liability is limited by the Accountants Scheme in NSW



- the forecast Statement of Financial Performance for the six months ending 30 June 2001 for each of:
 - the Macquarie Goodman (on a stand alone basis assuming the merger proposals are NOT implemented); and
 - Macquarie Goodman merged (assuming the merger proposals ARE implemented on 1 November 2000).
- the forecast Statement of Financial Position as at 1 November 2000 for Macquarie Goodman merged (assuming the merger proposals ARE implemented on 1 November 2000);

and report whether:

1. the above information is properly prepared and presented in accordance with the stated assumptions, as set out in Section 8 of the Explanatory Memorandum; and
2. anything has come to our attention which causes us to believe that the assumptions, when taken as a whole, do not provide a reasonable basis for preparation of the above Directors' Forecasts.

DIRECTORS' FORECASTS AND REVIEW PROCEDURES

Goodman Hardie Management Australia Limited ("GHMAL"), as responsible entity of Macquarie Goodman, has prepared, and is responsible for the Directors' Forecasts included in the Explanatory Memorandum.

Directors' Forecasts

- (i) *Forecast Statements of Financial Performance for the three months ending 31 December 2000 and the six months ending 30 June 2001.*

For the three months ending 31 December 2000, the forecast Statements of Financial Performance reflect:

- the forecast results of Macquarie Goodman for that period as if the merger proposals are NOT implemented; together with
- the forecast results of Macquarie Goodman merged, as if the merger proposals ARE implemented on 1 November 2000. These forecast results reflect the accounting for transactions arising in the course of merging MIP into Macquarie Goodman and include the forecast results of MIP for the two months of November and December 2000. They should not be construed as a forecast of an entire quarter's post merger operating performance for Macquarie Goodman.

For the six months ending 30 June 2001, the forecast Statements of Financial Performance reflect:

- the forecast results of Macquarie Goodman for that period as if the merger proposals are NOT implemented; together with
- the forecast results of Macquarie Goodman merged, as if the merger proposals ARE implemented on 1 November 2000. These forecast results include the forecast results of MIP for the entire six month period.

The Directors of GHMAL are responsible for the preparation and presentation of these forecasts, including the assumptions on which the forecasts are based, taking into account the sensitivities of the forecast information to changes in key assumptions.

The Directors' Forecasts have been compiled from financial models used by GHMAL to assess the future operating performance of the individual investment properties owned by both MIP and Macquarie Goodman. The forecasts also incorporate an assessment of future overheads to be incurred by Macquarie Goodman (on a stand alone basis) and Macquarie Goodman merged. The information used in those financial models has been provided to and relied upon by GHMAL from MIP and its managers and from various advisers to GHMAL.

The Directors' Forecasts reflect GHMAL's Directors' best estimate, based on present circumstances, as to both the most likely set of operating and economic conditions to which Macquarie Goodman will be exposed and the course of action Macquarie Goodman is most likely to take. The forecasts are based on a large number of assumptions and are subject to significant uncertainties, many of which are outside the control of GHMAL. The risks and uncertainties to which the business of Macquarie Goodman is exposed are set out in Section 8 of the Explanatory Memorandum.



(ii) *Forecast Statement of Financial Position as at 1 November 2000*

This forecast reflects the net assets for Macquarie Goodman merged, assuming the merger proposals ARE implemented on 1 November 2000.

The Directors of GHMAL are responsible for the preparation and presentation of the forecast Statement of Financial Position, including the assumptions on which it is based, as set out in section 8 of the Explanatory Memorandum.

KPMG Transaction Services has reviewed all of the Directors' Forecasts in accordance with Australian Auditing Standards applicable to review engagements. The review procedures undertaken by KPMG Transaction Services in respect of the Directors' Forecasts were limited primarily to:

- enquiries of senior personnel of GHMAL; and
- review of relevant working papers and documentation (including business plans, financial models and industry survey data supporting the assumptions outlined in section 8 of the Explanatory Memorandum) supplied by management of GHMAL, other advisers to GHMAL and MIP management.

These procedures have been undertaken to enable us to form an opinion whether, in all material respects, the Directors' Forecasts has been properly prepared on the basis of the stated assumptions and in accordance with the accounting policies adopted by Macquarie Goodman as set out in Section 8 of the Explanatory Memorandum.

As future events and management actions may not necessarily occur as predicted, it is not possible to obtain the level of assurance necessary to express an audit opinion on the assumptions underlying the financial forecast information. However, our reviews included examination, on a test basis, of evidence supporting the assumptions underlying the Directors' Forecasts.

Opinions and Statements

Forecast Statements of Financial Performance for the three months ending 31 December 2000 and for the six months ending 30 June 2001

Forecast Statement of Financial Position as at 1 November 2000

Opinion on preparation and presentation

In our opinion:

- The Directors' Forecasts have been properly prepared on the basis of the stated assumptions as set out in Section 8 of the Explanatory Memorandum; and
- The Directors' Forecasts have been presented on a basis consistent with the accounting policies adopted and to be used by Macquarie Goodman, as set out in Section 8 of the Explanatory Memorandum, which are in accordance with Accounting Standards in Australia.

Opinion on the assumptions

Based on our review of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that those assumptions, when taken as a whole, do not provide a reasonable basis for the preparation of:

- (a) The forecast Statements of Financial Performance for the three months ending 31 December 2000 and for the six months ending 30 June 2001, as set out in Section 8 of the Explanatory Memorandum; and
- (b) The forecast Statement of Financial Position as at 1 November 2000 as set out in Section 8 of the Explanatory Memorandum.

Actual results are likely to be different from the Directors' Forecasts since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, KPMG Transaction Services does not express an opinion as to whether the Directors' Forecasts will be achieved or warrant or guarantee any statement as to future prospects.



Independence

KPMG (the parent entity of KPMG Transaction Services) acts as independent auditor to Macquarie Goodman. However, KPMG are not, nor have been, the independent auditor to MIP or any of its controlled entities for the periods covered by this report.

Subsequent Events

In the interval between 30 June 2000 and the date of this report, no item, transaction or event of a material and unusual nature has come to our attention that affects the financial information on which we have reported.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. M. Reid'.

Paul Reid

Director

KPMG Transactions Services (Australia) Pty Limited

Licensed Securities Dealer No. 15791

10. Independent Expert's Report – Summary



**BDO Corporate Finance
Pty Limited**
A.C.N 003 946 030

Level 19, 2 Market Street Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
DX 1222 Sydney
Tel: +61 2 9286 5555 Fax +61 2 9286 5599
Email: bdosyd@bdosyd.com.au

The Directors
Goodman Hardie Management Australia Limited
Level 10
60 Castlereagh Street
SYDNEY NSW 2000
8 September 2000

Dear Sirs

**RE: INDEPENDENT EXPERT'S REPORT – SUMMARY
MACQUARIE GOODMAN INDUSTRIAL TRUST**

1 INTRODUCTION

BDO Corporate Finance Pty Limited ("BDO") has been engaged by Goodman Hardie Management Australia Limited ("the Responsible Entity") to prepare an Independent Expert's Report to express an opinion as to whether or not the proposed merger ("the Merger Proposal") of Macquarie Goodman Industrial Trust, formerly the Goodman Hardie Industrial Property Trust ("Macquarie Goodman") with Macquarie Industrial Trust ("MIP") is fair and reasonable and in the best interests of the unitholders of Macquarie Goodman ("Unitholders").

Further, BDO has been asked to include in our report an opinion as to whether or not the proposed change in management fee ("the Responsible Entity's Fee Proposal") is fair and reasonable and in the best interest of Unitholders.

This report is a summary of our full report dated 8 September 2000. A copy of our unabridged report is available for inspection by unitholders at Level 10, 60 Castlereagh Street, Sydney NSW 2000. Unitholders can also request that a copy of our unabridged report is forwarded to them, by phoning the Responsible Entity (Tel. 1800 024 830).

Liability is limited by the Accountants'
Scheme pursuant to the NSW
Professional Standards Act 1994





BDO understands that this summary report will be included in an Explanatory Memorandum to be sent to all Unitholders in order to assist those unitholders in determining whether to support or reject the proposals at hand.

This summary report has been divided into the following Sections:

1. Introduction
2. Summary and Opinion
3. Outline of Offer
4. Report Requirements
5. Basis of Evaluation
6. Comparison of Valuation of MIP to Cost of Acquisition
7. Responsible Entity's Fee Proposal
8. Other Considerations
9. Disclosure of Interests
10. Qualifications
11. Disclaimer and Consents

2 SUMMARY AND OPINION

2.1 We have considered the terms of the proposed merger as outlined in the body of this report and have concluded that the Merger Proposal is **FAIR AND REASONABLE** to the unitholders of Macquarie Goodman.

2.1.1 Fairness

In Section 6 of this report, the value of MIP is determined as \$0.98 to \$1.01 per unit in MIP. This compares to a cost to acquire MIP for Unitholders, of \$0.98 to \$1.01 per MIP unit.

Having regard to the rounding implicit in the assessment of fairness, we believe that the above pricing indicates that the Proposed Merger is Fair for Macquarie Goodman unitholders.

2.1.2 Reasonableness

We have considered the Merger Proposal in terms of both advantages and disadvantages for Macquarie Goodman unitholders. In our opinion, the advantages considered outweigh the disadvantages. Accordingly, we believe that the Merger Proposal is Reasonable for Macquarie Goodman unitholders.

In our opinion the Merger Proposal is in the **best interests of unitholders** of Macquarie Goodman, and **we recommend that Unitholders vote in favour** of Resolution One in the Notice of Meeting.

2.2 Following our assessment of the Responsible Entity's Fee Proposal, we have also concluded that the proposed fee is **FAIR AND REASONABLE** to the unitholders of Macquarie Goodman.

In our opinion the Responsible Entity's Fee Proposal is in the **best interests of unitholders** of Macquarie Goodman and **we recommend that Unitholders vote in favour** of Resolution Two in the Notice of Meeting.

2.3 BDO recommends that Unitholders review our unabridged report which is being made available to them, where full support for the above conclusions can be found.

3 OUTLINE OF OFFER

3.1 The proposed transactions between Macquarie Goodman and MIP, on which BDO is reporting, consist of the following:

- i) To merge Macquarie Goodman with MIP;
- ii) To adopt a new management fee arrangement in relation to the responsible entity of Macquarie Goodman whereby a lower base fee is payable (in cash), with a performance fee also payable (in units) should the merged trust out perform its peers;



3.2 The Merger Proposal of MIP into Macquarie Goodman is to be facilitated via a redemption of all units in MIP, on issue at the date of merger. On redemption of all of these MIP units, an equivalent number of units in MIP will be issued to Macquarie Goodman. At that point, Macquarie Goodman will own 100% of units in MIP.

In return for having the units redeemed, Macquarie Goodman is offering current MIP unitholders 0.81 new units in Macquarie Goodman for each MIP unit redeemed.

Completion of the above transaction is conditional on the unitholders of both entities approving necessary resolutions at meetings of both Macquarie Goodman and MIP.

It is anticipated the Merger Proposal will be implemented on or about 1 November 2000.

4 REPORT REQUIREMENTS

4.1 The Responsible Entity has engaged BDO to prepare an Independent Expert's Report to consider the Merger Proposal and the Responsible Entity Fee Proposal on behalf of Macquarie Goodman unitholders.

4.2 We have been informed by the Responsible Entity that for the purposes of both proposals, an Independent Expert's Report is not required under the ASX Listing Rules or the Corporations Law.

5 BASIS OF EVALUATION

5.1 In determining whether the Proposed Merger is fair and reasonable, we have had regard to the views expressed by the ASIC which suggest that an opinion as to whether transactions are fair and reasonable should entail:

5.1.1 A comparison between the offer consideration that Macquarie Goodman is paying for 100% of the units in MIP, and the value of MIP (fairness); and

5.1.2 An investigation into other significant factors to which Macquarie Goodman unitholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness).

5.2 The merger could be considered "reasonable" if there are valid reasons to approve the merger, notwithstanding that it may not be regarded as "fair" to Macquarie Goodman unitholders.

5.3 Analysis of whether the Merger Proposal is "reasonable" involves comparing the likely advantages and disadvantages of approving the transaction, with the advantages and disadvantages if it is not approved.

5.4 In our assessment of the Responsible Entity's Fee Proposal, we have considered whether the proposal is fair and reasonable jointly, rather than as separate considerations.

6 COMPARISON OF VALUATION OF MIP TO COST OF ACQUISITION

6.1 The following table summarises our assessment of the value of MIP compared to the cost for Macquarie Goodman in acquiring MIP.

VALUATION RANGE	VALUE OF MIP \$ MILLION	COST FOR MACQUARIE GOODMAN UNITHOLDERS \$ MILLION
Low	267.8	267.4
High	275.7	276.3

6.2 The above table, after rounding, reflects the following values and costs per MIP unit.

VALUATION RANGE	VALUE OF MIP PER UNIT	COST TO ACQUIRE MIP PER UNIT
Low	\$0.98	\$0.98
High	\$1.01	\$1.01



7 RESPONSIBLE ENTITY'S FEE PROPOSAL

7.1 In assessing the Responsible Entity's Fee Proposal we have considered the following analysis:

- Comparison of Macquarie Goodman's fee (pre and post proposed change) to other industrial property trusts' fees;
- Forecast management expense ratios ("MER's") for the period ending 30 June 2001 comparing the position pre merger, post merger, and post merger assuming the proposed fee is also implemented;
- Sensitivity analysis on forecast distributions per unit ("DPU") post merger for the year ending 30 June 2001 (annualised), assuming varying levels of performance fee payment in the form of units;
- A detailed review of advantages and disadvantages that the above and other analysis has highlighted.

7.2 Our assessment has resulted in the following conclusions:

- While the total fee may increase if Macquarie Goodman out performs the market consistently, and the increase may be significant, under performance will lead to a drop in the existing management fee to a level significantly below the current level and that of other comparable trusts;
- For low to moderate levels of out performance by Macquarie Goodman compared to its peers, the effect on DPU is a decrease, but that decrease is relatively minor.
- Payment of a performance fee will only occur where Unitholders are consistently receiving a total return that is outperforming the ASX Industrial Property Fund Accumulation Index.
- Due to the payment of the performance fee via issue of units in Macquarie Goodman, its decreasing effect on DPU is lessened.
- Although excluding the performance fee component that may be payable, forecast MER's for the year ended 30 June 2001 for Macquarie Goodman indicate a reduction from 0.88% of gross assets assuming no change, to 0.64% of gross assets, assuming the merger and the new fee are both implemented.
- The advantages, in our opinion, outweigh the disadvantages under the Responsible Entity's Fee Proposal.

8 OTHER CONSIDERATIONS

It is important to assess any advantages or disadvantages to Macquarie Goodman unitholders under the Merger Proposal, which fall outside a pure assessment of value compared to consideration paid. We have taken into account the following factors in this assessment. The matters considered are listed hereunder:

- Advantages
 - Higher distribution per unit forecast
 - Greater geographic diversification
 - Extended lease expiry profile
 - Greater diversification in sector investment
 - Less reliance on major tenants
 - Leader in industrial sub-sector
 - Increased liquidity of units
 - Efficiency in method of acquisition
 - Current taxation position in relation to Capital Gains Tax not adversely affected



- Disadvantages
 - Increased gearing levels
 - Decreased Net Tangible Assets per unit
 - Possible increased exposure to Goods and Services Tax
 - Increased influence of largest tenant
 - Increased exposure to variable/floating borrowings
 - Decrease in tax advantaged percentage of distributions

9 DISCLOSURE OF INTERESTS

- 9.1 BDO Corporate Finance Pty Limited is entitled to receive a fee for the preparation of this report, based on time costs and disbursements at its normal professional rates. The fee is payable to BDO Corporate Finance Pty Limited regardless of the outcome of the Merger Proposal and the Responsible Entity Fee Proposal.
- 9.2 In addition, BDO Corporate Finance Pty Limited has been indemnified by the Responsible Entity in respect of any claim arising from or in connection with BDO's reliance on information provided by the Responsible Entity.
- 9.3 Neither the two signatories to this report nor BDO Corporate Finance Pty Limited, hold units in MIP or Macquarie Goodman. No such units have been held at any time over the last two years.
- 9.4 BDO Corporate Finance Pty Limited or its associated entities have completed the following assignments for the entities controlled by Macquarie Bank Limited ("the Macquarie Group") over the last two years:
- Independent expert's reports in relation to listed property trusts controlled by the Macquarie Group. These reports have concluded on proposed mergers of trusts as well as proposed changes in the responsible entity fees of trusts. All such reports have been public documents.
 - Investigating accountant's reports included in Prospectuses of unlisted property trusts controlled by the Macquarie Group. All such reports have been public documents.
 - Independent expert's reports commissioned by directors of companies within the Macquarie Group, reporting on the reasonableness of fees and charges between related parties, within the Macquarie Group. These reports have been for the internal use of independent directors of those companies.
- 9.5 A draft of this report was provided to the Responsible Entity and its advisor for their confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

10 QUALIFICATIONS

BDO Corporate Finance Pty Limited is wholly owned by BDO, a member of BDO International, which has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance Pty Limited holds an Investment Advisors Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing Rules of the ASX and the Corporations Law.

The persons specifically involved in preparing and reviewing this report were Edward Psaltis, director, and Sebastian Stevens, authorised representative, of BDO Corporate Finance Pty Limited. They have significant experience in the listed property trust industry within Australia.



11 DISCLAIMER AND CONSENTS

11.1 This report has been prepared at the request of the Responsible Entity for inclusion in the Explanatory Memorandum which will be enclosed with the Notice of Meeting to Macquarie Goodman unitholders. The Responsible Entity has engaged BDO Corporate Finance Pty Limited to prepare this independent expert's report to consider the Merger Proposal on behalf of Macquarie Goodman unitholders.

BDO Corporate Finance Pty Limited hereby consents to this report being included in the above Explanatory Memorandum or being made available to Macquarie Goodman Unitholders on their request. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular, resolution, statement or letter without the prior written consent of BDO Corporate Finance Pty Limited.

11.2 BDO Corporate Finance Pty Limited takes no responsibility for the contents of the Explanatory Memorandum other than this report.

BDO Corporate Finance Pty Limited has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit of MIP or Macquarie Goodman. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld.

11.3 The forecasts and sensitivity analysis within the forecasts, provided to us by the Responsible Entity are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. BDO Corporate Finance Pty Ltd disclaims any possible liability in respect of these forecasts.

11.4 With respect to taxation implications it is recommended that individual unitholders should obtain their own taxation advice, in respect of the Merger Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Unitholders of Macquarie Goodman, or any other party.

The tax implications addressed are based on the Income Tax Assessment Act 1997 (Cth) (as amended), the Income Tax Assessment Act 1936 (Cth) (as amended), and the established interpretations of those Acts at the date of this report.

11.5 BDO Corporate Finance Pty Limited has also considered and relied upon independent property valuations for properties held by Macquarie Goodman and MIP.

The valuers engaged for the property valuations possess the appropriate qualifications and experience in the property industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuations are appropriate for this report. We have received consents from the valuers for the use of their valuation reports in the preparation of this report.

11.6 The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance Pty Limited has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE PTY LIMITED

Edward Psaltis
Director

Sebastian Stevens
Authorised Representative



1.1. Taxation Report



The KPMG Centre
45 Clarence Street
Sydney NSW 1213
Australia

PO Box H67
Australia Square
Sydney NSW 1213
Australia

Telephone: (02) 9335 7000
Facsimile: (02) 9299 7077
DX 1056 SYDNEY
www.kpmg.com.au

Private and confidential

The Directors

Goodman Hardie Management Australia Limited

Level 10

60 Castlereagh Street

Sydney NSW 2000

Our ref 1032-Triden00-2908-L-TaxOpinion

Contact Tony Mulveney, 9335 7121

8 September 2000

Gentlemen

TAXATION OPINION

We have been requested to provide an opinion on the Australian income tax issues affecting Unitholders in the Macquarie Goodman Industrial Trust ("Macquarie Goodman" – formerly Goodman Hardie Industrial Property Trust) should they accept the proposed offer to merge Macquarie Goodman with the Macquarie Industrial Trust ("MIP"). The merger proposal is outlined in the Explanatory Memorandum.

This opinion has been prepared for the purpose of distribution to Macquarie Goodman unitholders and should be read by unitholders in conjunction with the Notice of Meeting and Explanatory Memorandum to be issued by you.

This opinion only provides a general overview of the Australian income tax consequences to the Macquarie Goodman unitholders. Individual unitholders should consult their own taxation adviser about their specific taxation circumstances.

1 Summary

Subject to the detailed comments made below, the Australian income tax consequences (based on current enacted legislation) to Macquarie Goodman unitholders as a result of their acceptance of the proposal, may be broadly summarised as follows:



KPMG. KPMG, an Australian partnership, is a member of KPMG International, a Swiss association.





- Proposed “tax free distributions” (related to capital building cost deductions to be claimed by Macquarie Goodman) made by Macquarie Goodman to Macquarie Goodman unitholders, should be received free of tax;
- Proposed tax deferred distributions to Macquarie Goodman unitholders will reduce the cost base of Macquarie Goodman units for CGT purposes and once the cost base has been reduced to \$Nil, will become assessable as capital gains;
- Distributions of income from Macquarie Goodman, not being tax free or tax deferred distributions will be required to be included in the assessable income of Macquarie Goodman unitholders;
- Disposal of Macquarie Goodman units by Macquarie Goodman unitholders may give rise to a tax liability under the CGT provisions or the ordinary assessing income tax provisions, depending on whether the units are held as capital assets, revenue assets or trading stock; and
- For non-resident unitholders, disposal of Macquarie Goodman units will only attract CGT (subject to the application of any double tax treaty) where the unitholder together with any associates, beneficially owns, or has owned, at least 10 percent of the issued units in Macquarie Goodman, at any time in the 5 years prior to the disposal of the units.

The above comments are based on current enacted law. The Australian government is considering options for tax reform that may impact on the tax status of Macquarie Goodman and the tax treatment of Macquarie Goodman distributions from 1 July 2001, being the proposed date of effect for these tax reforms. These proposals are further discussed at the end of this letter.

What follows is our opinion as to the Australian income tax issues that arise for both Australian resident and non-resident unitholders in Macquarie Goodman, should they accept the merger proposal.

2 TAX STATUS OF MACQUARIE GOODMAN/MIP

The trustee of Macquarie Goodman is Goodman Hardie Management Australia Limited (“GHMAL”). On the basis that the only activity of Macquarie Goodman is to own property primarily for the purpose of deriving rent, Macquarie Goodman should not be taxed in the same manner as a company. Instead, Macquarie Goodman will be subject to the trust provisions of the Income Tax Assessment Act, 1936 (“the 1936 Act”).

The trustee of a trust will not be taxed on the income of a trust where the unitholders of that trust are presently entitled to all of the income of the trust. The Constitution of Macquarie Goodman provides that unitholders shall be deemed to be presently entitled to the net income. Accordingly GHMAL should not be taxed on the income derived by Macquarie Goodman.

For similar reasons, the trustee of MIP should not be taxed on the income derived by MIP after the units in MIP are acquired by Macquarie Goodman.

However, you should note that the Government’s tax reform proposals (refer comments at end of this letter) may impact on the future tax treatment of the Macquarie Goodman Group.

The change to the fee payable to the responsible entity should not have any adverse tax effect on Macquarie Goodman unitholders.

3 TAXATION IMPLICATIONS OF DISTRIBUTIONS FROM MACQUARIE GOODMAN

Distributions made by Macquarie Goodman (whether reinvested in additional units or not) prima facie will be required to be included in the assessable income of the Macquarie Goodman unitholder, except to the extent that a portion of the distribution represents tax free or tax deferred income. Investors will be provided details of the portion of any distribution that constitutes tax free or tax deferred income.

3.1 Non-assessable distributions

Non-assessable distributions comprise distributions of:

- Tax free income amounts arising from the entitlement of the trust to building allowances; and
- Tax deferred income amounts which arise where the taxable income of the trust is lower than its accounting income for that year eg. due to the availability of tax losses or tax depreciation where there is no accounting depreciation.



A tax deferred distribution does have CGT implications. The receipt of these amounts will operate to reduce the cost base of the Macquarie Goodman units by the amount of the tax deferred distribution. Once the CGT cost base has been reduced to \$Nil by these distributions, further such distributions will be assessable as capital gains. If a unitholder disposes of a Macquarie Goodman unit, any assessable gain arising upon disposal will be effectively increased as a result of the receipt by the unitholder of a tax deferred distribution made by Macquarie Goodman. If however, a unitholder disposes of the units for a capital loss, then the loss will be effectively reduced by any tax free distributions or tax deferred distributions made by Macquarie Goodman.

You should note that the Government's tax reform proposals (refer end of this letter) may impact on the future tax treatment of tax preferred trust distributions.

3.2 Tax free and tax deferred distributions – ATO policy and practice

Although the above summarises the general policy of the Commissioner in administering the 1936 and 1997 Acts for tax free and tax deferred income distributions, investors should be aware that section 99B of the 1936 Act technically can apply to fully assess the tax free or tax deferred income distribution. In addition, the Commissioner has issued public rulings stating that the general assessing provision, being section 6-1 of the 1997 Act, is effective to assess certain categories of taxpayer (such as banks, insurance companies and traders) on such tax preferred income. On this issue, investors should seek their own professional advice.

3.3 Non-assessable distributions by MIP to Goodman Macquarie

Tax free and tax deferred distributions received by Macquarie Goodman from MIP will retain their character when subsequently distributed to Macquarie Goodman unitholders.

These distributions will also have an impact on the CGT cost base of the units held by Macquarie Goodman in MIP.

4 TAXATION IMPLICATIONS ON THE DISPOSAL OF TRUST UNITS

4.1 Australian CGT – general principles

The disposal of trust units may give rise to a capital gain or loss to unitholders to the extent of the difference between the cost base of the units and the consideration received upon disposal of the units.

Where the units were acquired prior to 21 September 1999 and have been held for more than 12 months then you can choose to calculate the taxable gains as either half the realised gain if you are an individual (two thirds if you are a complying superannuation fund) or the difference between the disposal price and the frozen indexed cost base.

If you acquire units after 21 September 1999 and hold them for at least 12 months, half the difference between the disposal price and the cost base if you are an individual (two thirds if you are a complying superannuation fund) will be a taxable capital gain. If you make a capital loss you can offset it against capital gains (before discounting).

CGT is also payable on distributions to unitholders arising when Macquarie Goodman or MIP sell investments and makes a capital gain. As an individual you may also benefit from the half normal gain exemption on these gains (two thirds if you are a complying superannuation fund). This may give rise to cost base adjustments to your units.

Moreover, the calculation of a unitholder's ultimate capital gain or capital loss may also be affected by any tax deferred distributions or tax free distributions made to unitholders (refer title 3.1).

Unitholders should also be aware that the taxation treatment of gains or losses arising from the disposal of units may depend upon a unitholder's particular circumstances. For example, investors that hold the units as trading stock of a business will not be subject to CGT on the sale of the units. Rather, their taxable income in respect of the disposal of the units will be determined under the ordinary assessing income tax and trading stock provisions.

Investors that hold the assets not as trading stock but as revenue assets of a business, may be subject to both the ordinary assessing income tax provisions as well as the CGT provisions upon disposal of the assets. Under the ordinary assessing provisions, any net profit is assessable and any net loss is deductible. Where the CGT provisions also apply to the disposal, double taxation is prevented by the reduction of any notional capital gain by any amounts included in the



investor's assessable income under the ordinary assessing provisions. Investors in any doubt as to their particular taxation position should seek their own professional advice.

5 NON-RESIDENT UNITHOLDERS (NOT APPLICABLE TO AUSTRALIAN UNITHOLDERS)

5.1 Distributions from Macquarie Goodman

Distributions made by Macquarie Goodman (whether reinvested in additional units or not) prima facie will be required to be included in the assessable income of the Macquarie Goodman unitholder, except to the extent that a portion of the distribution represents tax free or tax deferred income. Investors will be provided with details of the portion of any distribution that constitutes tax free or tax deferred income.

Non-residents pay tax at the relevant withholding tax rate in respect of Australian sourced interest and unfranked dividends. Other Australian sourced taxable income should be subject to tax at the non-resident tax rates.

5.2 Disposal of units

A non-resident unitholder will only be subject to the CGT provisions (subject to the application of any double taxation treaty) upon gains realised on the disposal of units, where the unitholder together with any associates, beneficially owns, or has owned, at least 10 percent of the issued units, at any time in the 5 years prior to the disposal of the units.

6 TAX FILE NUMBERS

Investors may notify the manager of their Australian tax file number or their exemption status. In the event that the manager is not notified, tax will be deducted at the highest marginal tax rate (currently 48.5% including medicare levy) from each distribution until such time as the relevant tax file number or exemption notification is given.

7 PROPOSED CHANGES TO TAX LEGISLATION

From 1 July 2001 the Government has announced that it will implement reforms under which trusts will be taxed as if they are companies. However there will be an exclusion for 'Collective Investment Vehicles', which will retain the current flow through tax treatment. The position of the funds and whether they will qualify as 'Collective Investment Vehicles' will not be known until the final legislation is enacted.

8 TAXATION ADVICE: GENERAL COMMENT

Macquarie Goodman unitholders are advised that if they are in any doubt as to their own taxation liability they should consult their professional taxation adviser.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tony Mulveney', written over a horizontal line.

Tony Mulveney
Partner

12. Additional Information

EXPLANATION OF RESOLUTIONS

Detailed below are the resolutions to be approved by MIP Unitholders.

MIP Resolutions

Resolution 1 – AMENDMENT OF THE CONSTITUTION TO FACILITATE THE PROPOSAL

To consider and, if thought fit, pass a Special Resolution in the following terms:

“That the constitution of Macquarie Industrial Trust is amended as described in section 14.1(a) of the Explanatory Memorandum accompanying the Notice of Meeting convening this meeting and the Responsible Entity is authorised to execute the Supplemental Deed Poll in the form tabled at the meeting and initialled by the Chairman for the purposes of identification and to lodge the Supplemental Deed Poll with the Australian Securities and Investments Commission to give effect to the amendments to the Constitution.”

Resolution 2 – APPROVAL OF THE PROPOSAL

To consider and, if thought fit, pass an Ordinary Resolution in the following terms:

“That, subject to the passing of Resolution 1 in the Notice of Meeting convening this meeting, the Proposal as described in Section 14.1(b) of the Explanatory Memorandum accompanying the Notice of Meeting convening this meeting, under which Macquarie Industrial Trust will become a wholly owned sub trust of Macquarie Goodman Industrial Trust including without limitation:

- (a) the Responsible Entity issuing ordinary units in Macquarie Industrial Trust to the responsible entity of Macquarie Goodman Industrial Trust or its custodian in accordance with the Proposal;
- (b) the irrevocable appointment of the Responsible Entity as the agent and attorney of each Macquarie Industrial Trust Unitholder to issue a request for redemption in respect of that Unitholder’s units and to apply for, and apply the

redemption proceeds as the application price for, units in Macquarie Goodman Industrial Trust all in accordance with the Proposal; and

- (c) the approval of the Responsible Entity requesting that Macquarie Industrial Trust be removed from the official list of the ASX in accordance with the Proposal,

be and is hereby approved for all purposes including section 611 of the Corporations Law and that the Responsible Entity be and is hereby authorised to do all things which it considers are necessary, desirable or incidental to give effect to the Proposal.”

Resolution 3 – AMENDMENT OF CONSTITUTION REGARDING PAYMENT OF PERFORMANCE FEE

To consider and, if thought fit, pass a Special Resolution in the following terms:

“That subject to passing Resolution 1 and Resolution 2 in the Notice of Meeting convening this meeting, the constitution of Macquarie Industrial Trust is amended as described in section 14.1(c) of the Explanatory Memorandum accompanying the Notice of Meeting convening this meeting and the Responsible Entity is authorised to execute the Supplemental Deed Poll in the form tabled at the meeting and initialled by the Chairman for the purposes of identification and to lodge the Supplemental Deed Poll with the Australian Securities and Investments Commission to give effect to the amendments to the Constitution.”

REGULATORY WAIVERS

ASIC Relief

Relief has been obtained from sections 707(3) and 707(4) of the Corporations Law in respect of all issues and sales of New Macquarie Goodman Units in respect of the Merger Proposal. Relief has also been obtained from Parts 6D.2 and 6D.3 of the Corporations Law for sales of Macquarie Goodman Units by the Sale Trustee on behalf of MIP Unitholders with registered addresses outside Australia and New Zealand. That relief requires that the MIP notice of meeting and explanatory memorandum for the Merger Proposal contain all the

information which would otherwise be included in a disclosure document for Macquarie Goodman Units and be lodged with the ASX.

ASX Waivers

The Responsible Entity has obtained relief from the ASX modifying the voting exclusion statement applicable under ASX Listing Rule 14.11 to permit Macquarie Goodman Unitholders who also hold units in MIP (other than the Responsible Entity and its associates) to vote on Resolution 1 at the meeting of Macquarie Goodman Unitholders to approve the Proposals.

The Responsible Entity has received confirmation from the ASX that no separate Unitholder approval is required under ASX Listing Rule 11.1 for the Merger Proposal. Under ASX Listing Rule 11.1, the ASX can require an entity which proposes to make a significant change to the nature or scale of its activities to obtain Unitholder approval. The Responsible Entity is obtaining Unitholder approval under ASX Listing Rule 7.1.

The ASX has also confirmed that the inclusion in the Notice of Meeting and Explanatory Memorandum of a summary of the Independent Expert's Report is acceptable.

The Responsible Entity has obtained a waiver from ASX Listing Rule 10.13 to permit the Responsible Entity to be issued with performance units to satisfy the Responsible Entity's Performance Fee. The waiver is subject to the following conditions:

- the provision to be inserted in the Macquarie Goodman Constitution for the issue of the units under the Performance Fee is approved by Macquarie Goodman Unitholders;
- units are issued in accordance with the provision in the Macquarie Goodman Constitution;
- a completed Appendix 3B announcement is lodged for release to the ASX for each issue of performance units;
- details of performance units issued are disclosed in Macquarie Goodman's annual report; and
- Macquarie Goodman Unitholder approval is sought every third year for the issue of performance units as Performance Fee on satisfaction of performance benchmarks.

COURT PROCEEDINGS

Earlier this year, a judge of the Federal Court of Australia issued a decision which supports the effectiveness of proposals like the Merger Proposal. That decision is the subject of an appeal. If that appeal is successful it may, depending on the basis of the appeal court's decision, affect implementation of the Merger Proposal.

IMPLEMENTATION DEED SUMMARY

On 14 August 2000, GHMAL, as responsible entity for Macquarie Goodman, and MIML, as responsible entity for MIP, entered into an Implementation Deed.

Implementation of the Proposal

The Implementation Deed requires GHMAL and MIML, subject to their obligations under the respective Constitutions, the ASX Listing Rules and at law, to give effect to the Merger Proposal including the satisfaction of the following conditions:

- MIP Unitholders approving at a duly convened meeting of Unitholders, or any adjournment thereof, the MIP Constitution amendments and the Merger Proposal;
- Macquarie Goodman Unitholders approving at a duly convened meeting of Unitholders, or any adjournment thereof, the issue of Macquarie Goodman Units pursuant to the Merger Proposal;
- a supplemental deed poll containing the MIP Constitution amendments to permit implementation of the Merger Proposal executed by MIML being lodged with the ASIC pursuant to section 601GC(2) of the Corporations Law;
- no MIP Unitholder or Macquarie Goodman Unitholder lodging any application with any Court of competent jurisdiction opposing or otherwise challenging the Merger Proposal other than an application in respect of which the parties receive advice from Senior Counsel that the application has no reasonable prospect of success;
- MIML obtaining from third parties any other approvals of the Merger Proposal as may be reasonably necessary for the implementation of the Merger Proposal;
- GHMAL obtaining from third parties any other approvals of the Merger Proposal as may be reasonably necessary for the implementation of the Merger Proposal; and
- MIML and GHMAL obtaining from ASX and ASIC any waiver or relief in relation to the Merger Proposal which is agreed between the parties or is reasonably required for the implementation of the Merger Proposal.

If any of the conditions are not satisfied by the Merger Date, MIML or GHMAL may terminate the deed.

Completion of the Merger Proposal under the deed is also conditional upon and is to occur contemporaneously with completion under the Subscription and Redemption Agreement. This agreement is described below.

The deed sets out the procedures for the completion of the Merger Proposal.

The deed requires MIML to cause:

- a request to be made to the ASX for the removal of MIP Units with effect from the third trading day prior to the date of the meeting of MIP Unitholders; and
- an application to be made to the ASX for the removal of MIP from the official list of the ASX following the completion of the merger of Macquarie Goodman and MIP.

GHMAL is obliged promptly to seek quotation of the New Macquarie Goodman Units issued to MIP Unitholders under the Merger Proposal.

Change of Name

GHMAL is also obliged to rename the trust as the “Macquarie Goodman Industrial Trust”.

On 22 August 2000, the trust changed its name to Macquarie Goodman Industrial Trust.

The authority to use the “Macquarie” name has been given by Macquarie Bank so long as it is used in accordance with the Macquarie guidelines and standards for use of the corporate name.

Macquarie has reserved the right to withdraw this entitlement to use the Macquarie name at any time without cause or reason. The entitlement does not transfer any ownership or right to the “Macquarie” name to GHMAL.

In the event that the Proposal is not completed, GHMAL will change its name from “Macquarie Goodman Industrial Trust” so that it does not contain the word “Macquarie” or any word which may indicate an association with the Macquarie Bank Group.

Management Fee

The Management Fee payable in respect of Macquarie Goodman will be changed so that, following the Completion, there will be a fee of 0.5% per annum for the first \$700 million of assets under management and 0.45% per annum for assets under management above \$700 million. In addition, the Responsible Entity will be entitled to receive a Performance Fee. The terms of the Performance Fee are set out in the description of Macquarie Goodman Constitution Amendments below.

MIP Unitholders Receive Distributions

MIP Unitholders will be entitled to a distribution from MIP for the period from 1 July 2000 to the day before the Merger Date. The New Macquarie Goodman Units will be issued to MIP Unitholders and the Sale Trustee on the basis that they will confer a full entitlement to income of Macquarie Goodman for the period from the Merger Date to 31 December 2000, and

thereafter rank equally with the existing Macquarie Goodman Units. The MIP distribution will be paid at the same time as the Macquarie Goodman distribution for the quarter ending on 31 December 2000.

Information Provided by One Trust to Another is Warranted

Certain of the information about MIP in this booklet has been provided by MIML and approved by it. Under the Implementation Deed, MIML has warranted to GHMAL that the information will be true and correct in all material respects. GHMAL has provided a similar warranty in relation to information about Macquarie Goodman which it has provided to MIML.

Sale Procedure

As soon as practicable after Merger Date, Pacific Rim Operations Limited (“Sale Trustee”) is to sell on the ASX all New Macquarie Goodman Units it receives on behalf of those MIP Unitholders who do not have an address in Australia or New Zealand (“Ineligible Macquarie Goodman Unitholders”).

The Sale Trustee is to pay to the Ineligible Macquarie Goodman Unitholders the weighted average net sale price (after deduction of stamp duty and brokerage) of all Macquarie Goodman Units sold multiplied by the respective numbers of Macquarie Goodman Units sold on their behalf with each payment to be rounded down to the nearest whole cent.

MACQUARIE GOODMAN CONSTITUTION AMENDMENTS

Implementation of the Responsible Entity’s Fee Proposal will require amendment of the Macquarie Goodman Constitution. These amendments form part of Resolution 2 to be put to Macquarie Goodman Unitholders on 24 October 2000 and will be contained in a supplemental deed.

The amendments will take effect from the date on which the supplemental deed (including the amendments) is lodged with ASIC.

The Macquarie Goodman Constitution will be amended by:

1. Replacing the existing clause 28.1 with the following clauses:

“28.1 Base Fee

- (a) As from the Merger Date, the Manager’s entitlement to fees for managing the Trust is calculated on a monthly basis as a percentage per annum of the Assets of the Trust at the last day of the previous month in accordance with the following scale:

First \$700 million of Gross Assets	0.50% per annum
Excess above \$700 million	0.45% per annum

- (b) The fee under this clause 28.1 is payable to the Manager within 21 days of the end of the month in which it is calculated (or such later time as the Manager determines).
- (c) The Manager was entitled to fees up to the Merger Date in accordance with previous provisions of this Constitution. For the month in which the Merger Date occurs, the Manager is entitled to receive fees in accordance with the previous provisions of this Constitution but pro-rata according to the number of days in the period from the first day of the month in which the Merger Date occurs up to the Merger Date compared with the number of days in the month in which the Merger Date occurs. For the period from the day following the Merger Date to the end of the month in which the Merger Date occurs, the fee will be calculated as provided in this clause 28.1 but pro-rata according to the number of days in the period from the day following the Merger Date to the end of the month in which the Merger Date occurs compared with the number of days in the month in which the Merger Date occurs.

28.2A Manager's Performance Units

The Manager, in addition to its remuneration under clauses 28.1 and 28.2, will be entitled to have a certain number of Units issued to it in respect of each Half Year if the performance of the Trust for the Half Year exceeds a stated benchmark. The formula for determining the number of Units (if any) to be issued to the Manager in respect of a Half Year is set out below. If the TR (as defined below) for the Trust for a Half Year is negative, the Performance Units (if any) to which the Manager would have been entitled will not be issued to the Manager until the end of the first succeeding Half Year in which the TR is positive:

$$\text{Number of Performance Units to be issued to the Manager} = \frac{(\text{PF} + \text{EPF})}{\text{Pc}}$$

where:

PF (Tier 1 Performance Fee) = $\text{NPc} \times \text{MCo} \times 5\%$, but equals zero if NPc is not greater than zero;

EPF (Tier 2 Performance Fee) = $(\text{NPc} - \text{EPb}) \times \text{MCo} \times 15\%$ but equals zero if NPc is not greater than EPb ;

NPc = $\text{TR} - \text{BM}$;

NPo (Opening Net Performance) = NPc of prior Half Year except in the first Half Year when $\text{NPo} = 0$;

$$\text{TR (Trust Return expressed as a percentage)} = \frac{(\text{Tc} - \text{To})}{\text{To}}$$

where

Tc = Trust Index at the close of the Half Year; and

To = Opening Trust Index being the Trust Index at close of the prior Half Year or if $\text{NPo} < 0$ then **To** = the Trust Index used as the opening Trust Index (**To**) for the previous period;

$$\text{BM (Benchmark Return expressed as a percentage)} = \frac{(\text{Bc} - \text{Bo})}{\text{Bo}}$$

where

Bc = Benchmark Index at the end of the Half Year; and

Bo = Opening Benchmark Index being the Benchmark Index at close of the prior Half Year or if $\text{NPo} < 0$ the **Bo** = the Benchmark Index used as the opening Benchmark Index (**Bo**) for the previous period;

$$\text{MCo (Market capitalisation)} = \text{Po} \times \text{Uo}$$

where

Po = the weighted average trading price of all Units traded on the ASX during the 10 ASX Trading Days from and including the date upon which the Units trade ex the distribution entitlement for the period ending on the last day of the prior Half Year; and

Uo = Units on issue at the close of the last day of the prior Half Year;

EPb (Tier 2 Performance Benchmark) = 2% nominal per annum out-performance for the Half Year; and

Pc = the greater of the weighted trading price of all Units traded on the ASX during the 10 ASX Trading Days from and including the date upon which the Units trade ex the distribution entitlement for the relevant Half Year and the Net Tangible Asset Backing per Unit at the end of the Half Year.

If a Trigger Event occurs within a Half Year, the Manager is entitled to payment in cash in lieu of Units with the amount of the cash payment to be calculated in accordance with clause 28.2B.

If and when Performance Units are issued to the Manager in respect of a Half Year where the Trust Index is below its historical Half Year end high achieved since the new fee structure was implemented on the Merger Date, the Manager may not sell or otherwise dispose of the Performance units until a time after the Trust Index equals or exceeds that prior peak and until the time the Manager is entitled to sell the Performance Units all distributions in respect of those Performance Units must, if a distribution reinvestment plan then applies, be reinvested pursuant to the distribution reinvestment plan and the Units received pursuant to the reinvestment will be subject to the same restriction on sale or disposal. The restriction on sale or disposal will cease if a Trigger Event occurs.

28.2B Payment in Lieu of Performance Units

If a Trigger Event occurs, the Manager is entitled to be paid in addition to the Base Fee a cash payment calculated as follows in lieu of Performance Units which might otherwise have been issued to the Manager in respect of the Half Year in which the Trigger Event occurs, such payment to be made to the entity which was the Manager on the day upon which the Trigger Event occurred notwithstanding that the entity may have ceased to be the Manager or that the Trust has terminated:

- (a) the cash payment is to be equal to the Performance Fees calculated in accordance with clause 28.2A as if the end of the Half Year was the date of the occurrence of the Trigger Event but in determining the Trust Index at the close of the period there is to be substituted for the market price of the Units:
 - (i) in the case of a takeover bid, the mid-point of the value range for the Units contained in the independent expert's report (if any) prepared for the Unitholders or for the target's statement or, if there is no independent expert's report, the price per Unit which would be payable for compulsory acquisition (including in the case of on-cash consideration the market value of that non-cash component on the date of the Trigger Event);
 - (ii) in the case of a scheme of arrangement, the mid-point of the value range for the Units contained in the independent expert's report (if any) prepared for the Unitholders in relation to the scheme of arrangement or if there is no independent expert's report, the fair value of the consideration per Unit as determined by an independent accountant appointed by the Manager;
 - (iii) in the case of delisting, the weighted average market price of the Units traded on the ASX during the 10 ASX Trading Days prior to the Date of Delisting; or
 - (iv) in the case of termination of the Trust, the amount per Unit to be received by the Unitholders after accruing the amount payable to the Manager for Performance Fees; and
- (b) the cash payment is payable as soon as it can be calculated. If there has been any accrual of the Performance Fee from any prior Half Year whether due to the Trust Return ("TR") being negative although exceeding the Benchmark Return ("BM") or otherwise, the amount accrued shall be paid in cash rather than Units on the date of occurrence of the Trigger Event.

28.2C Payment in Lieu of Performance Units

If due to restrictions imposed by the Listing Rules or otherwise, the Manager may not have Performance Units issued to it in respect of any Half Year, the Manager shall be entitled to a cash payment in lieu of Performance Units equal to the sum calculated as:

PF + EPF (as defined in clause 28.2A)

in respect of that Half Year. This payment will become payable as at the end of the Half Year.

2. Inserting the following definitions in alphabetical order in clause 1.1:

Base Fee means the fees payable to the Manager pursuant to clauses 28.1 and 28.2.

Benchmark Index means the accumulation index created from the ASX listed entities that have a principal focus on the industrial property sector, as calculated by the ASX, or other suitable body as determined by the Manager from time to time and notified to Unitholders, using closing market price series data. The index will commence at 100 on the Merger Date. This index does not include the Trust. If the Trust's market capitalisation becomes greater than 40% of the aggregate market capitalisation of the members of the Benchmark Index and the Trust, then the Benchmark Index becomes the ASX Property Trust Accumulation Index or its successor.

Date of Delisting means whichever is the first to occur of the following:

- (a) the date upon which the Manager receives notification from the ASX of the removal of the Trust from the official list of the ASX; or
- (b) where the Units are suspended from trading by the ASX for a continuous period of 60 days, the day following the expiration of that 60 day period.

Half Year means a period of six months ending 30 June or 31 December. The first Half Year is the period from the Merger Date to 31 December 2000 and in relation to the calculations for that initial Half Year rather than using figures as at the last day of the prior Half Year the relevant amounts referred to in the definitions of Benchmark Index and Trust Index are to be used. The last Half Year is the period commencing on 1 July or 1 January (as the case may be) immediately before the termination of the Trust and ending on the day on which the Trust terminates.

Manager means from the time the scheme is registered as a managed investment scheme the company which is registered with the ASIC as the single responsible entity for the Trust under the Corporations Law.

Merger Date means the date upon which Macquarie Industrial Trust becomes a sub-trust of the Trust.

Net Tangible Asset Backing per Unit at any time means the Net Fund Value at that time divided by the number of Units on issue at that time adjusted for any partly paid units.

Performance Fees means the fees (if any) payable to the Manager pursuant to clause 28.2A being both PF and EPF as defined in that clause.

Performance Units means Units issued to the Manager pursuant to clause 28.

Trigger Event means any of the following:

- (a) a resolution is passed at a meeting of Unitholders removing or replacing the Manager without the recommendation of the existing Manager;
- (b) the Trust terminates;
- (c) the Date of Delisting occurs;
- (d) the Units are the subject of a takeover bid which achieves the threshold for compulsory acquisition under Chapter 6A of the Corporations Law; or
- (e) the Unitholders approve a formal or informal scheme of arrangement pursuant to which the Trust is to merge with any other managed investment scheme or entity or pursuant to which there is a material change in the ownership or control of the Trust.

Trust Index means the accumulation index for the Trust as calculated by the ASX, or other suitable body as determined by the Manager from time to time and notified to Unitholders, using closing market price series data except for the closing price at the end of the Half Year which shall be replaced by the 10 day volume weighted average trading price from and including the date upon which the Units trade ex distribution entitlement for the relevant Half Year. The index will commence at 100 on the Merger Date utilising the “adjusted value”. The adjusted value means \$1.335 as adjusted at the Merger Date by the percentage change in the price index for the industrial trust sub-sector excluding the Trust and the Macquarie Industrial Trust and that change will be from and including 14 August 2000 until the Merger Date. For the avoidance of doubt, the price index for the industrial trust sub-sector is not the accumulation index.

SUBSCRIPTION AND REDEMPTION AGREEMENT

On 14 August 2000, Macquarie Bank, MIML and Triden entered into a subscription and redemption agreement under which:

- Macquarie Bank will become the holder of 40% of the share capital of Triden;

- Triden will become the holder of all units in the Industrial Property Management Trust; and
- Triden will acquire all of the issued shares in MIML from Macquarie Bank.

As a result of these transactions, Triden will control the activities of MIML.

As discussed above, completion of the Merger Proposal and the Subscription and Redemption Agreement are interconditional. If either transaction is not approved, neither will occur.

Triden requires the approval of its shareholders of the transactions necessary to permit Macquarie Bank to become a 40% shareholder. That approval is a condition precedent.

Following completion of the Subscription and Redemption Agreement:

- Triden will change its name to Macquarie Goodman Management Limited; and
- out of eight Directors of Triden, four will be appointees of Macquarie Bank.

GHP SUBSCRIPTION AGREEMENT

On 14 August 2000, Macquarie Bank and GHMAL entered into the GHP Subscription Agreement. The GHP Subscription Agreement provides the terms and conditions under which Macquarie Bank agreed to subscribe for, and GHMAL agreed to issue, units in Macquarie Goodman.

Macquarie Bank has agreed not to dispose of the Macquarie Goodman Units for six months from 14 August 2000, unless (broadly speaking) another person makes a takeover bid for Macquarie Goodman or the disposal is part of a proposal by another entity to acquire at least 50% of Macquarie Goodman.

The GHP Subscription Agreement also restricts Macquarie Bank or any of its related bodies corporate from making a takeover bid for voting interests in Macquarie Goodman for a period of two years from 14 August 2000. This restriction will not apply to a takeover bid announced or made by Macquarie Bank that includes provision for the payment to Triden or its nominees of the market value of the management rights of Macquarie Goodman on terms and conditions reasonably acceptable to Triden, or if a person apart from an entity within Macquarie Bank Group announces a takeover bid for some or all of the voting interests in Macquarie Goodman.

13. Glossary

ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited.
CPI	Consumer Price Index.
DRP	The Distribution Reinvestment Plan for Macquarie Goodman, introduced in March 2000.
GHMAL	Goodman Hardie Management Australia Limited (ABN 48 067 796 641), as Responsible Entity for the Macquarie Goodman Industrial Trust.
GHMAL Board or Board	The Board of Directors of GHMAL.
Goodman Hardie	Goodman Hardie Industrial Property Trust, the name of Macquarie Goodman prior to 22 August 2000.
Implementation Deed	The implementation deed dated 14 August 2000 between GHMAL and MIML.
Independent Expert	BDO Corporate Finance Pty Limited (ACN 003 946 030).
Index	S&P/ASX 200 Property Trust Index.
Macquarie Bank	Macquarie Bank Limited (ABN 46 008 583 542).
Macquarie Bank Group	Macquarie Bank and any of its affiliates, associates and subsidiaries.
Macquarie Bank Placement	The issue and placement to Macquarie Bank of 32 million units in Macquarie Goodman on 15 August 2000.
Macquarie Goodman	Macquarie Goodman Industrial Trust (ARSN 091 213 839). Until its name was changed on 22 August 2000, it was known as the Goodman Hardie Industrial Property Trust.

Macquarie Goodman Constitution	The constitution of Macquarie Goodman, originally dated 14 January 2000 as amended.
Macquarie Goodman Unitholder and Unitholder	A holder of a unit in Macquarie Goodman.
Macquarie Goodman Unit	A unit in Macquarie Goodman.
Merger Date	The date on which the Merger Proposal is implemented.
Merger Proposal	The proposal, to be put to a meeting of Unitholders as Resolution 1, to give effect to the merger of Macquarie Goodman and MIP.
MIML	Macquarie Industrial Management Limited (ABN 33 010 514 048), as responsible entity for the Macquarie Industrial Trust.
MIP	Macquarie Industrial Trust (ARSN 093 016 605).
MIP Unitholder	A holder of a unit in MIP.
New Macquarie Goodman Units	New units in Macquarie Goodman issued in connection with the Merger Proposal.
NLA	Net Lettable Area.
Notice of Meeting	The notice of meeting of Macquarie Goodman set out in Section 2 of this booklet.
NTA	Net tangible assets.
Performance Fee	The part of the Responsible Entity's management fee which is paid if Macquarie Goodman achieves the performance levels set out in the Responsible Entity's Fee Proposal.
Proposals	The proposals within each Resolution, including the Merger Proposal, the Responsible Entity's Fee Proposal, the Proposal to Approve the Distribution Reinvestment Plan and the Proposal to Ratify Previous Issues of Units.
Proposal to Approve the Distribution Reinvestment Plan	The proposal, to be put to a meeting of Unitholders as Resolution 4, to approve the DRP and so exclude capital raised under the DRP from the 15% limit for placements in any 12 month period allowed under the ASX Listing Rules.

Proposal to Ratify Previous Issues of Units	The proposal, to be put to a meeting of Unitholders as Resolution 3, to ratify the issue of 32 million Macquarie Goodman Units, issued to Macquarie Bank, and 15,980,945 Macquarie Goodman Units, issued under the DRP, thereby excluding these issues from the 15% limit for placements in any 12 month period allowed under the ASX Listing Rules.
Responsible Entity	GHMAL or its successor, in its capacity as responsible entity of Macquarie Goodman.
Responsible Entity's Fee Proposal	The proposal, to be put to a meeting of Unitholders as Resolution 2, to amend the Macquarie Goodman Constitution to give effect to a new performance-based management fee for the Responsible Entity.
Resolutions	The resolutions in the Notice of Meeting.
Sales Trustee	Pacific Rim Operations Limited.
Special Resolution	Has the meaning given to that term in the Corporations Law in relation to registered managed investment schemes. The requirements for a Special Resolution to be passed are set out in the Notice of Meeting.
Subscription and Redemption Agreement	The agreement so named dated 14 August 2000 between Macquarie Bank, MIML and Triden.
TCA	Trust Company of Australia Limited (ACN 004 027 749).
TLA	Total Lettable Area.
Triden	Triden Corporation Limited (ABN 69 000 123 071). Triden is the holding company of GHMAL.

Corporate Directory

MANAGED INVESTMENT SCHEME

Macquarie Goodman Industrial Trust
(formerly Goodman Hardie Industrial Property Trust)
ARSN 091 213 839

RESPONSIBLE ENTITY

Goodman Hardie Management Australia Limited
ABN 48 067 796 641

DIRECTORS

Mr Robert Marich (Chairman)
Dr Peter Dodd
Dr David Teplitzky
Mr Gregory Goodman

REGISTERED ADDRESS

Level 10
60 Castlereagh Street
Sydney NSW 2000

Tel: (02) 9230 7401
Toll Free: 1800 024 830
Fax: (02) 9230 7444

COMPANY SECRETARIES

Ms Carolyn Scobie
Mr Mark Alley

FINANCIAL ADVISER

UBS Warburg Australia Corporate Finance Limited
Level 25
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

CO-FINANCIAL ADVISER

Bridges Financial Services Pty Limited
Level 22
44 Market Street
Sydney NSW 2000

LEGAL ADVISER

Allen Allen & Hemsley
Level 23
The Chifley Tower
2 Chifley Square
Sydney NSW 2000

INDEPENDENT ACCOUNTANT

KPMG Transactions Services (Aust) Pty Limited
KPMG Centre
45 Clarence Street
Sydney NSW 2000

INDEPENDENT EXPERT

BDO Corporate Finance Pty Limited
Level 19
2 Market Street
Sydney NSW 2000

UNIT REGISTRAR

Computershare Registry Services Pty Limited
GPO Box 1903
Adelaide SA 5001
Level 11
115 Grenfell Street
Adelaide SA 5000

Tel: (08) 8236 2300
Toll free: 1800 000 570
Fax: (08) 8236 2305

STOCK EXCHANGE LISTING

Macquarie Goodman is listed on the Australian Stock Exchange and the Home Exchange is Sydney.

Macquarie Goodman ASX Code is "GHP".

68



18

1

19 18

19

27