

MACQUARIE GOODMAN GROUP

HALF YEAR REVIEW 31 DECEMBER 2006



A MODEL BUSINESS



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22.0%

GROWTH IN EARNINGS

\$302.7m

PROFIT AFTER TAX

29.7%

TOTAL RETURN TO SECURITYHOLDERS

15.75¢

DISTRIBUTION PER SECURITY

\$33.3b

ASSETS UNDER MANAGEMENT

\$0.8b

OF NEW DEVELOPMENTS COMPLETED

965

EMPLOYEES WORLDWIDE

OUR BUSINESS MODEL

Macquarie Goodman Group is an integrated property group that focuses on the ownership, management and development of industrial property and business space throughout Asia Pacific and Europe.

Securityholder Highlights

For the half year ended	31 Dec 2006	31 Dec 2005
Distribution per security (¢)	15.75	13.75
Operating earnings per security (¢)	15.75	12.92
Profit after tax (\$M)	302.7	239.4
Weighted average number of securities (M) ⁽¹⁾	1,608	1,416
As at	31 Dec 2006	30 Jun 2006
Total assets (\$B)	7.7	6.8
Total assets under management (\$B)	33.3	28.5
Net tangible assets per security (\$)	1.87	1.73
Gearing (%)	36.7	32.2
Market capitalisation (\$B)	12.6	9.7
Security price (\$)	7.60	6.00
Number of securities on issue (M) ⁽¹⁾	1,629	1,578
Number of Securityholders	22,631	22,766

⁽¹⁾ Net of treasury securities.

Group Chief Executive Officer's Report



Gregory Goodman | Group Chief Executive Officer

AN INTEGRATED MODEL



Interim profit and distributions have met our expectations while operationally our achievements have paved the way for a strong full year result. We have delivered profit after tax of \$302.7 million, which includes operating income of \$253.3 million equating to distributions of 15.75 cents per security.

Securityholders have been rewarded with a total return for the half year ended 31 December 2006 of 29.7% and a rolling 12 month return of 66.9%. At the end of the period, the security price closed at \$7.60 and the market capitalisation was \$12.6 billion.

The results generated from the integrated platform we have assembled in Europe have been very satisfying. Combined with the strength of our balance sheet, this platform has delivered a number of successful transactions during the period.

We facilitated the acquisition of a \$1.5 billion portfolio of United Kingdom ("UK") business park properties via our UK business park fund and acquired a \$0.5 billion portfolio of UK logistics and office park properties, which will help seed the planned UK logistics fund. We also launched a \$1 billion European logistics fund consisting of assets primarily from our development programme.

Our direct portfolio in Australia performed well in a robust market achieving rental growth on new leases of 3.2%.

Cornerstone investments in our managed funds increased by \$0.6 billion and produced an average total return of 15.6% and an income return of 6.6% on our major investments over the period.

Our level of gearing remained below the top end of the guided range of 40%. We expect that earnings from property investment, management services and development operations will be consistent with our desired ratios for the full year, with at least 80% anticipated to be derived from our recurring revenue streams.

Group Operations

All divisions produced results consistent with our expectations and continued to complement each other. Our investment portfolio grew both in volume and return, our development programme continued to expand in conjunction with an increased return on capital and, finally, our funds management activities recognised strong growth in assets under management and income from management services.

At the same time, we positioned the business to deliver future growth. These growth initiatives included the acquisition of assets intended to seed future fund initiatives ("warehoused assets") and the movement of a greater proportion of our development programme into our managed funds, which delivers future fee income.

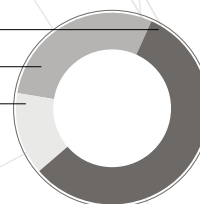
Property Investment

Overall, our property investments increased by \$0.9 billion and now stand at \$5.5 billion. Our Australian direct property portfolio stood at \$3.6 billion, which decreased by \$0.2 billion primarily as a result of the sale of non-core assets.

EARNINGS BY BUSINESS SEGMENT ⁽¹⁾

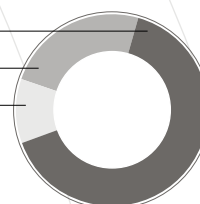
PROPERTY INVESTMENT	57%
DEVELOPMENT	29%
MANAGEMENT SERVICES	14%

⁽¹⁾ Earnings before interest and tax.



TOTAL PROPERTY INVESTMENTS

DIRECT AUSTRALIAN PORTFOLIO	\$3.6B
CORNERSTONE INVESTMENTS	\$1.3B
WAREHOUSED ASSETS	\$0.6B



The direct portfolio continued to perform well in a robust market. The average time to maturity of leases remained high at 4.9 years while occupancy levels were sustained at an impressive 98%. The team also maintained a 77% customer retention rate and delivered 3.2% growth in rentals on new leases.

We increased our direct property exposure through our investment in warehoused assets valued at \$0.6 billion. We should realise the long term benefits of our interests in these assets as they are placed into managed funds. We will further maintain a smaller relative exposure to these assets, augmented with fee income resulting in a higher return on capital.

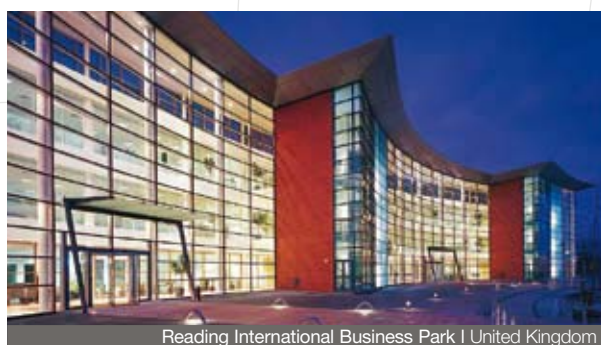
Our cornerstone investments increased by \$0.6 billion to \$1.3 billion. These investments supplemented our direct investment income and maintained a high quality balance sheet and stability of income. Since June 2006, our primary investments have been in the Australian wholesale

fund (\$189 million), the UK business park fund (\$117 million) and the European logistics fund (\$107 million).

Approximately 90% of our cornerstone investments were in six of our major managed funds. They delivered an income yield of 6.6% and generally continued to outperform their relative benchmarks. This performance impacts positively on our own investment performance, our capacity to earn performance fees and our ongoing ability to grow the managed funds.

Management Services

The market for our management services remained strong and the solid performance of our managed funds assisted us in capitalising on this demand. A key measure of our ability to grow the management services income is through the increase in volume of assets under management, which grew by 17% to \$33.3 billion over the period. Existing managed funds contributed 15% of that growth.



Reading International Business Park | United Kingdom



Astrid Logistics | Belgium



Leipzig Logistics | Germany



M7 Business Hub | Australia

The largest contributor was the UK business park fund as a result of its acquisition of a \$1.5 billion portfolio of UK business park properties. This portfolio supplemented its existing \$2.8 billion of assets, making it the market leader in its segment. Importantly, the acquisition also delivered a further \$2.3 billion of developments to the fund to complete over the coming years, effectively doubling its development workbook.

As outlined last year, a major initiative for the period was the marketing and launch of a European logistics fund. We are pleased to report that this objective was achieved in December 2006. This fund has \$1 billion of committed equity with 24% drawn initially to fund the seed portfolio. Over time, our acquisition and development capability will be used to effectively deploy the remaining equity capital and provide certainty and capacity for growth in the coming years. The seed portfolio was derived primarily from our European logistics development programme.

Over the next year, a number of major fund initiatives are planned. One of the largest will be the proposed UK logistics fund. We are currently accumulating a seed portfolio on balance sheet and expect to be in a position to launch the new fund within that period.

The financial performance of our management services operation was enhanced by the growth not only in revenue but also in operating margin.

Development

The volume of active development work stood at \$2.9 billion at the end of the period, with 64% of the activity being conducted in our managed funds. We completed \$0.8 billion of new developments and obtained new commitments valued at \$0.8 billion. The managed funds will benefit from this activity as it is an efficient and cost effective source of high quality investment property.

Our development operations represented a high proportion of total earnings this period due to profit realised on the launch of the European logistics fund.

Development earnings are expected to be around 15% to 20% of total earnings for the full year.

One of the vital roles of our development team is to support our management services business and underpin its future growth. Going forward, our objective is to efficiently allocate capital to this business by allowing third party sources to provide part of the funding.

In doing this we reduce risk by converting the revenue into fee arrangements and concurrently optimising our return on capital. This is evidenced by the increasing volume of activity undertaken in the managed funds. As funds grow and mature, they are better placed to undertake this process and enhance returns without significantly changing their risk profiles.

The development programme remains an alternative source of investment opportunity for both the group and the managed funds platform. Importantly, it is a key component of our Customer Service Model with our ability to meet the changing needs of customers and service their future space requirements.

With demand remaining healthy and our extensive capabilities, we are in a strong position to continue to generate substantial output from our development programme.

Capital Management

We continued to meet our objective of managing our capital in an efficient and cost effective manner. We invested in our managed funds and development programme in addition to acquiring assets for new managed funds. These activities were financed with debt, the recycling of assets into our managed funds, on market asset sales and equity contributions in the form of the Distribution Reinvestment Plan.

As a result, we maintained a conservative gearing level of 36.7% enabling us to continue to finance ongoing capital initiatives.

Where we have invested capital overseas or employed debt we have adhered to stringent hedging policies to mitigate cash flow and balance sheet risks.

Benefits of Integration

The integration of our property investment, management services, development and capital management operations strengthened the investment prospects for our managed funds and improved our capacity to earn fees.

At the same time, our customers were rewarded with access to a qualified, large scale manager with the ability to deliver new development properties as well as efficiently manage existing premises.

Rebranding

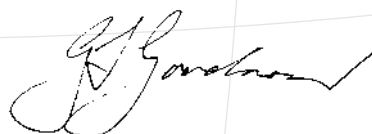
Our rebranding project is progressing well with the primary objective to rebrand and integrate four brands comprising Macquarie Goodman, Arlington, Eurinpro and Akeler into one, united global brand.

Outlook

The employment of our integrated Customer Service Model and efficient capital management continues to maximise returns and minimise risks. The combination of robust markets and our strong business platform suggests that our operational and financial objectives will be met or exceeded.

The organic growth of our Asian operations is progressing with an increased commitment to China and more recently to Japan. We have positioned our European platform to grow through potential acquisitions and our development programme. In Australasia, we will capitalise on our strong market position to optimise our margins and returns.

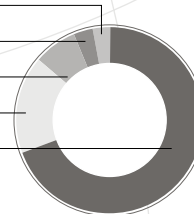
Ultimately, we see the opportunity to replicate our Customer Service Model across all regions as a powerful base to grow earnings and returns to Securityholders as well as deliver high levels of service to our customers.



Gregory Goodman
Group Chief Executive Officer

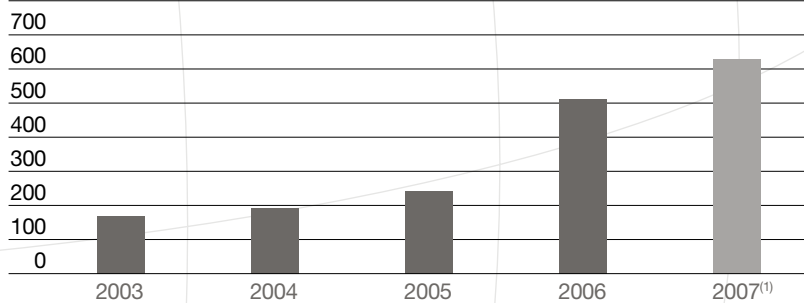
TOTAL ASSETS UNDER MANAGEMENT

CHINA/HONG KONG	\$1.0B
NEW ZEALAND	\$1.1B
SINGAPORE	\$2.5B
AUSTRALIA	\$5.6B
EUROPE	\$23.1B



COMPLETED DEVELOPMENTS (NET LETTABLE AREA)

800 SQM (000)



⁽¹⁾ Half year ended 31 December 2006.



OUR GLOBAL MODEL



Own

We are long-term owners of industrial property and business space. This means that customers are assured of an ongoing relationship with us.

Develop

We have a significant development programme encompassing sites throughout Asia Pacific and Europe. Our projects are purpose-built to meet the growing needs of our customers as well as our managed funds.

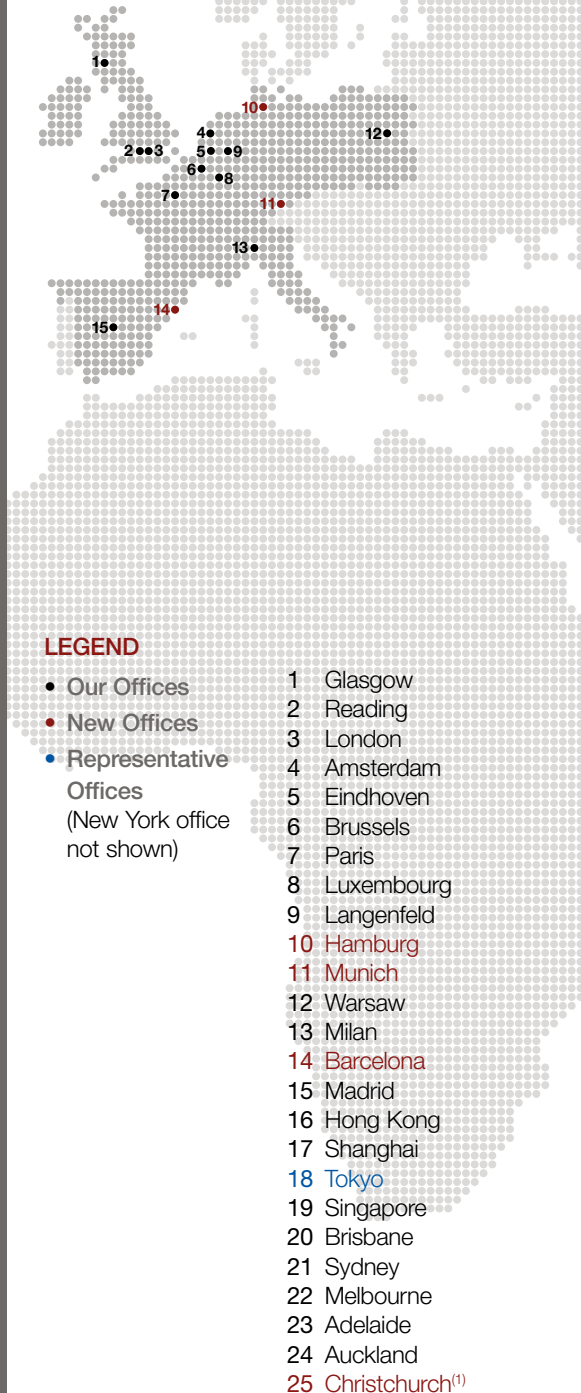
Manage

We do not outsource the management of our properties. We are diligent in meeting the operational needs of our customers and maintain our assets to the highest standard. Due to our attention to detail and dedicated service, we achieve high occupancy rates and customer loyalty.

Regional View

Europe

\$23.1b
assets under management



LEGEND

- Our Offices
 - New Offices
 - Representative Offices (New York office not shown)
- | | |
|----|-----------------------------|
| 1 | Glasgow |
| 2 | Reading |
| 3 | London |
| 4 | Amsterdam |
| 5 | Eindhoven |
| 6 | Brussels |
| 7 | Paris |
| 8 | Luxembourg |
| 9 | Langenfeld |
| 10 | Hamburg |
| 11 | Munich |
| 12 | Warsaw |
| 13 | Milan |
| 14 | Barcelona |
| 15 | Madrid |
| 16 | Hong Kong |
| 17 | Shanghai |
| 18 | Tokyo |
| 19 | Singapore |
| 20 | Brisbane |
| 21 | Sydney |
| 22 | Melbourne |
| 23 | Adelaide |
| 24 | Auckland |
| 25 | Christchurch ⁽¹⁾ |

⁽¹⁾ Opened January 2007

	AUSTRALIA	NEW ZEALAND	SINGAPORE ⁽¹⁾	CHINA/ HONG KONG ⁽²⁾	EUROPE	TOTAL
PEOPLE	269	51	27	214	404	965 ⁽³⁾
TOTAL ASSETS UNDER MANAGEMENT (\$B)	5.6	1.1	2.5	1.0	23.1	33.3
BUSINESS SPACE UNDER MANAGEMENT (\$B)	5.6	1.1	2.5	1.0	12.4	22.6
BUSINESS SPACE PROPERTIES UNDER MANAGEMENT	145	26	69	11	292	543
CUSTOMERS	548	185	761	197	904	2,517 ⁽⁴⁾
ACTIVE DEVELOPMENTS (\$M)	965	204	122	40	1,544	2,875

(1) Joint venture with Ascendas Land (Singapore) Pte Limited.

(2) Joint venture with Macquarie Bank Limited.

(3) Includes employees from representative offices in Japan (three people) and United States of America (one person).

(4) Eliminates duplication of customers across regions and managed funds.

China/Hong Kong

\$1.0b
assets under management⁽²⁾

Singapore

\$2.5b
assets under management⁽¹⁾

New Zealand

\$1.1b
assets under management

Australia

\$5.6b
assets under management

Extracts from Financial Statements

Extracts from the financial statements have been provided for your convenience. The Interim Financial Report dated 15 February 2007 was lodged with the Australian Stock Exchange and Australian Securities & Investments Commission and is available on our website at www.macquariegoodman.com. You should read the financial statements and accompanying notes in their entirety.

Interim Income Statement

For the half year ended	Consolidated	
	31 Dec 2006 \$M	31 Dec 2005 \$M
Revenue and Other Income		
Gross property income	200.2	224.0
Net gains from fair value adjustments on investment properties:		
– Realised during the half year	–	18.3
– Unrealised during the half year	31.1	55.6
Net gain on disposal of investment properties	20.2	5.1
Net gain on disposal of controlled entities	79.8	–
Share of net results of equity accounted investments	31.6	11.9
Net gain on disposal of equity investments	–	4.2
Funds management	55.8	3.3
Property services	9.1	1.0
Development management	170.5	3.0
Distributions from investments	10.8	3.9
Total revenue and other income	609.1	330.3
Expenses		
Property expenses	(33.6)	(36.3)
Development expenses	(144.3)	–
Employee expenses	(36.2)	(6.1)
Administrative and other expenses	(25.3)	(2.7)
Total expenses	(239.4)	(45.1)
Financing Costs		
Financial income	2.6	1.2
Financial expenses	(53.6)	(43.2)
Net financing costs	(51.0)	(42.0)
Profit before income tax	318.7	243.2
Income tax expense	(16.0)	(3.8)
Profit for the half year	302.7	239.4
(Loss)/profit attributable to Shareholders	(1.7)	16.4
Profit attributable to Unitholders	304.2	223.5
Profit attributable to Securityholders	302.5	239.9
Amount attributable to other minority interests	0.2	(0.5)
Profit for the half year	302.7	239.4
Basic earnings per Company share (¢)	–	1.2
Diluted earnings per Company share (¢)	–	1.1

Interim Balance Sheet

As at	Consolidated	
	31 Dec 2006 \$M	30 Jun 2006 \$M
Current Assets		
Cash assets	43.9	23.3
Receivables	283.9	306.0
Inventories	5.1	241.4
Current tax receivables	–	1.1
Other assets	17.9	47.1
Total current assets	350.8	618.9
Non-current Assets		
Receivables	2.4	9.7
Investment properties	4,777.3	4,190.0
Inventories	30.2	19.0
Investments accounted for using the equity method	912.3	475.2
Deferred tax assets	1.5	11.4
Other financial assets	420.2	231.2
Property, plant and equipment	13.0	12.2
Intangible assets	1,237.4	1,185.6
Total non-current assets	7,394.3	6,134.3
Total assets	7,745.1	6,753.2
Current Liabilities		
Payables	198.8	247.8
Interest bearing liabilities	1,521.3	1,192.4
Provisions	138.8	113.1
Total current liabilities	1,858.9	1,553.3
Non-current Liabilities		
Payables	195.8	204.0
Interest bearing liabilities	1,317.8	979.9
Deferred tax liabilities	36.8	24.7
Provisions	22.8	20.0
Total non-current liabilities	1,573.2	1,228.6
Total liabilities	3,432.1	2,781.9
Net assets	4,313.0	3,971.3
Equity Attributable to Shareholders		
Issued capital	50.7	52.7
Reserves	103.9	58.7
Accumulated losses	(56.9)	(63.3)
Total equity attributable to Shareholders	97.7	48.1
Minority Interests		
Equity Attributable to Unitholders		
Issued capital	3,981.9	3,728.9
Reserves	155.5	109.8
Retained earnings	54.6	63.3
Total equity attributable to Unitholders	4,192.0	3,902.0
Other minority interests	23.3	21.2
Total equity	4,313.0	3,971.3

Financial Statements (cont)

Interim Cash Flow Statement

For the half year ended	Consolidated	
	31 Dec 2006 \$M	31 Dec 2005 \$M
Cash Flows from Operating Activities		
Property income received	218.5	212.4
Other cash receipts from services provided	262.4	7.7
Property expenses paid	(66.1)	(44.1)
Other cash payments in the course of operations	(228.9)	(8.8)
Distributions and dividends received	31.9	7.8
Interest received	2.2	1.2
Finance costs paid	(33.2)	(40.4)
Income taxes paid (net of refunds)	(12.9)	(2.3)
Net cash provided by operating activities	173.9	133.5
Cash Flows from Investing Activities		
Proceeds from deferred settlement and sale of investment properties	398.1	76.1
Acquisition of controlled entities (net of cash acquired)	(341.1)	–
Proceeds from sale of equity investments (net of cash disposed)	145.6	880.5
Payments for equity investments	(565.8)	(381.9)
Payments for investment properties and developments	(512.5)	(788.0)
Payments for property, plant and equipment	(0.8)	(1.5)
Net cash used in investing activities	(876.5)	(214.8)
Cash Flows from Financing Activities		
Proceeds from issue of securities	212.5	0.7
Transaction costs from issue of securities	–	(0.7)
Loans from/(to) related entities	24.4	(16.4)
Proceeds from borrowings	2,539.6	1,226.2
Repayment of borrowings	(1,818.3)	(1,030.2)
Distributions and dividends paid	(235.0)	(52.8)
Net cash provided by financing activities	723.2	126.8
Net increase in cash held	20.6	45.5
Cash at the beginning of the half year	23.3	7.2
Cash at the end of the half year	43.9	52.7

Other Managed Funds

Listed Property Trusts

Macquarie Goodman Property Trust⁽¹⁾

Sector	Industrial
Number of properties	25
Total assets	\$0.9 billion
Unit price	NZ\$1.27
Yield	8.03%
NZX code	MGP

⁽¹⁾ Listed on New Zealand Exchange and based on results for the half year ended 30 September 2006.

Ascendas Real Estate Investment Trust⁽²⁾

Sector	Business/Industrial/Logistics
Number of properties	68
Total assets	\$2.5 billion
Unit price	S\$2.67
Yield	4.8%
SGX code	Ascendasreit

⁽²⁾ Listed on Singapore Exchange and managed by Ascendas-MGM Funds Management Limited, which is a 60/40 joint venture between Ascendas Land (Singapore) Pte Ltd and Macquarie Goodman Group.

Unlisted Property Funds

Macquarie Goodman Wholesale Fund – Australia

Sector	Industrial
Number of properties	62
Total assets	\$1.7 billion

Macquarie Goodman Hong Kong Wholesale Fund – Hong Kong

Sector	Industrial
Number of properties	10
Total assets	\$1.0 billion

Arlington Business Parks Partnership

Sector	Business Parks
Number of properties	27
Total assets	\$4.3 billion

Arlington European Logistics Fund

Sector	Industrial
Number of properties	12
Total assets	\$0.5 billion

Other European Funds

Number of funds	34
Number of properties	237
Business space under management	\$7.1 billion
Total assets under management	\$17.7 billion

For more information on Macquarie Goodman Group's products, please visit www.macquariegoodman.com, call 1300 791 100 or email us at info@macquariegoodman.com.au. For Ascendas Real Estate Investment Trust, please visit www.areit.com or for Arlington Funds, please visit www.arlington.com.

Investor Relations

Access your Details

24 Hours a Day

By registering via the Investor Centre section of our website, you can efficiently manage your securityholding online 24 hours a day. Features of the online service are:

- view your holding and make amendments such as changing your address;
- view your payment and distribution history;
- download forms; and
- access your annual tax statement.

Registration is free – all you need is your Holder Identification Number or Securityholder Reference Number, which you will find on your holding statement.

eTree

By registering your email address with eTree, you can receive communications electronically, which creates a positive environmental impact and reduces printing and mailing costs.

Macquarie Goodman Group donates \$2 to Landcare Australia for each Securityholder that registers for eTree, which helps support reforestation projects in your state or territory.

To date, donations made to Landcare Australia by Macquarie Goodman Group have resulted in the planting of 11,762 trees.

Online Property Book

You will find our online property book at www.macquariegoodman.com/property.

It provides a direct portfolio summary and portfolio statistics as at 31 December 2006.

Taxation

Annual tax statements confirming distributions paid and final taxable components for the year ending 30 June 2007 will be forwarded to Securityholders in August 2007.

It is important to retain the information you receive in relation to your securityholding, such as annual tax statements, as a cost will be charged to Securityholders for the provision of certain replacement information.



Corporate Directory

Macquarie Goodman Group

Macquarie Goodman Management Limited

ABN 69 000 123 071

Macquarie Goodman Industrial Trust

ARSN 091 213 839

Responsible Entity

Macquarie Goodman Funds Management Limited
ABN 48 067 796 641; AFSL Number 223621

Offices

Registered Office

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Sydney NSW 2000
Australia

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Sydney NSW 2001

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+61 2 9230 7400 (outside Australia)

Facsimile +61 2 9230 7444

Email info@macquariegoodman.com.au

Website www.macquariegoodman.com

Other Offices

→ Belgium → China/Hong Kong → France → Germany
→ Italy → Luxembourg → Netherlands → New Zealand
→ Poland → Singapore → Spain → United Kingdom

Representative Offices

→ Japan → United States of America

Directors

Mr David Clarke, AO (Chairman)
Dr David Teplitzky (Independent Deputy Chairman)
Mr Gregory Goodman (Group Chief Executive Officer)
Mr Ian Ferrier, AM (Independent Director)
Mr Patrick Goodman (Non-Executive Director)
Mr John Harkness (Independent Director)
Mr James Hodgkinson (Non-Executive Director)
Ms Anne Keating (Independent Director)
Mr James Sloman, OAM (Independent Director)
Mr Stephen Girdis (Alternate Director to Messrs
David Clarke and James Hodgkinson)

Company Secretary

Mr Carl Bicego

Security Registrar

Computershare Investor Services Pty Limited
Level 5

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Adelaide SA 5001

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Facsimile +61 8 8236 2305

Email web.queries@computershare.com.au

Website www.computershare.com

Custodians

Trust Company Limited
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Sydney NSW 2000
Australia

Perpetual Trustee Company Limited
123 Pitt Street
Sydney NSW 2000
Australia

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000
Australia

ASX Code

MGQ

Important Notice

This Half Year Review for the half year ended 31 December 2006 has been prepared by Macquarie Goodman Group (Macquarie Goodman Management Limited (ABN 69 000 123 071) and its controlled entities including Macquarie Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) and Macquarie Goodman Industrial Trust (ARSN 091 213 839) and its controlled entities). The information in this Half Year Review is general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs. Past performance is no indication of future performance. All values are expressed in Australian currency and are for the half year ended or as at 31 December 2006 unless otherwise stated.

This Half Year Review is not an offer or invitation for subscription or purchase of securities or other financial products. It does not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933 or an exception from registration is available.



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