

Acquisition of European Development Platform: Eurinpro

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Macquarie Goodman is pleased to announce the acquisition of Eurinpro International SA (“Eurinpro”). Eurinpro is a leading developer of tailor made logistics property having developed over €850 million of projects across Europe. It has over 90 staff and over 425,000 sqm of projects currently under development.

Macquarie Goodman has identified the UK and Europe as a significant opportunity for the group and the acquisition of Eurinpro enhances the group’s platform in the region. The combination of the Arlington Securities (“Arlington”) and Eurinpro businesses allows the group to provide total solutions to customers and investors.

Gregory Goodman, Chief Executive Officer of Macquarie Goodman said, “Eurinpro is an excellent business which is highly complementary to our existing operations. We are only beginning to see the benefits of our increasingly global platform and having the ability to create logistics product for our managed funds is essential to the success of our UK/European business. The Eurinpro staff are committed to growing the business and are similarly excited about the opportunities of the merged platform.”

Eurinpro International

Eurinpro is a vertically integrated business covering all aspects of the development process. Their customer centric approach is a key point of differentiation relative to the traditional model and is consistent with Macquarie Goodman’s Customer Service Model. Eurinpro is based in Luxembourg and has over 15 years experience in the major European logistics markets with over 90 staff across offices in Belgium, Germany, France, The Netherlands, Spain, Italy and Poland as well as representative offices in Japan and the United States.

UK/European platform

The European logistics market is one of the largest globally and remains highly fragmented. The acquisition of Eurinpro gives Macquarie Goodman instant scale across major logistics markets and a team with the capabilities to capitalise on growth opportunities throughout the region. Mr Goodman added, “The transaction is highly strategic for Macquarie Goodman and we see a strong opportunity to significantly expand our European business. We have acquired two specialist businesses that have been truly successful in their own right. Importantly, they complement each other and our business model.”

Impact on Macquarie Goodman

Macquarie Goodman is acquiring Eurinpro for a net acquisition price of €352 million (A\$597 million) representing 6.2x forecast CY06 operating profit of €57 million (A\$97 million). The acquisition will be funded by the issue of escrowed Macquarie Goodman scrip to the vendors, an institutional placement to raise A\$350 million and a securityholder purchase plan expected to raise A\$50m (details to be announced). Post the acquisition and proposed equity raising Macquarie Goodman’s gearing is expected to be 33% providing flexibility to make future acquisitions.

The acquisition is expected to provide proforma FY07 EPS accretion of circa 8% to 31.5cps relative to the broker consensus estimate of 29.2 cps. This would represent 18% year on year growth from the FY06 forecast EPS of 26.7 cps. There is not expected to be any material impact to the previously stated EPS forecast for FY06. Recurring property investment and management income will contribute approximately 80% of the Group’s EBITDA in FY07.

The Eurinpro business will continue to operate as a distinct business unit with oversight from a European executive committee including Gregory Goodman and Arlington’s Jeff Pulsford. In this way Eurinpro can operate with a ‘business as usual’ approach whilst maximising the benefits from

being part of the global Macquarie Goodman platform. Bart Verhaeghe, Chairman and CEO of Eurinpro, will in addition to his present European positions become a member of the Macquarie Goodman Global Executive Committee that manages the Australian, Asian and European businesses of Macquarie Goodman.

As part of the process of aligning management to Macquarie Goodman securityholders, approximately 25% of the vendors' (including key senior management) consideration is being taken as Macquarie Goodman scrip escrowed for one to two years. The management shareholders are also entitled to a cash earn out payment linked to the performance of the business (conditional on remaining involved with the group). Key management have also agreed to three year 'non-compete' arrangements.

Mr Verhaeghe said, "Eurinpro has established a leading European position for development of and investment in state-of-the-art logistics real estate. There is undoubtedly considerable scope for further growth in and outside the European market. I am delighted that with the combined expertise and resources of Macquarie Goodman behind it, Eurinpro now sees tremendous opportunities to build on our present position and grow its share in both existing and new markets. Eurinpro's current senior management is committed to further manage the business alongside Macquarie Goodman."

Macquarie Bank acted as sole financial adviser to Macquarie Goodman in relation to the acquisition of Eurinpro. The institutional placement to raise A\$350 million has been fully underwritten by Macquarie Equity Capital Markets and JPMorgan.