



asx release+

Goodman grows assets under management to over \$24 billion in Q1 FY2014

Date 7 November 2013

Release Immediate

Goodman Group (Goodman or Group) has today announced an operational update for the quarter ended 30 September 2013, which has seen assets under management for the Group grow to over \$24 billion during the quarter, up from \$23 billion at 30 June 2013.

Goodman remains focused on, and continues to benefit from, its strategy of being a leading global industrial operator and fund manager. The Group's global operating platform is a key point of differentiation due to the access it provides to a broad range of opportunities driven by its geographic diversity and the varied timing of economic cycles across different markets.

With total assets under management rising to over \$24 billion and with undrawn debt and equity commitments at \$6 billion, the Group has the financial capabilities to further grow assets under management in the short to medium term. During the quarter, \$1.8 billion of third party equity was committed from global institutional investors supporting sector specialists with solid and proven development capabilities.

Goodman's development activities continue to grow strongly and it remains one of the largest developers of industrial property in the world. Structural changes in the occupier market have driven the development pipeline to \$2.5 billion across 69 projects as customers demand quality product, certainty of delivery and cost effective solutions to improve business efficiencies.

Goodman's Group Chief Executive Officer, Mr Greg Goodman said: "Goodman experienced robust underlying operational activity in the first quarter of FY2014. With developments underway across all regions, we continue to benefit from the diversity of our global operating platform, specialist sector and development capability, proven ability to access third party capital and strength of our customer and investor relationships. The quality of our product offering is reflected in the high occupancy rate of 96% across the portfolio.

When combined with the focused and disciplined execution of our prudent business strategy and day to day operational activities, Goodman is well positioned to take advantage of future growth opportunities, which in turn gives us the confidence to reaffirm our FY2014 earnings guidance of operating earnings per security of 34.3 cents, up 6% on FY2013."

Goodman Group

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Key operational highlights for the quarter ended 30 September 2013

Own

- + **Total assets under management increased to over \$24 billion, up 5.2%**
- + **Leased 631,000 sqm across the Group and managed funds, representing \$75 million of annual rental income, with reversions of 3.6% on new leasing deals**
- + **Occupancy maintained at a high 96% across the Group and managed funds, achieving a weighted average lease expiry of 4.8 years**

“Our teams achieved significant leasing success across our global platform, particularly in Australia, Greater China and Continental Europe. This result reflects the strong underlying property fundamentals being experienced, which continue to underpin high occupancy levels and retention rates across our portfolios.” Mr Goodman said.

Goodman’s active asset management approach ensured it was well positioned to capitalise on asset recycling opportunities during the quarter, with a key transaction being the sale of a €213 million German portfolio of seven properties sourced from the Group and Goodman European Logistics Fund (GELF), into a new investment vehicle established between Goodman and Malaysia’s Employees Provident Fund (EPF). The sale comprised three properties from the Group and four properties from GELF, valued at €105 million and €108 million respectively.

Develop

- + **Development work in progress of \$2.5 billion across 69 projects, with a forecast yield on cost of 8.8%**
- + **Secured \$0.6 billion of new development commitments and completed \$0.5 billion of projects in the quarter**
- + **69% of new developments pre-committed and 68% pre-sold**
- + **Goodman Sakai, 130,000 sqm in Osaka Bay 100% pre committed five months prior to completion**
- + **Urban renewal projects to contribute to development earnings over the medium term**

The undersupply of prime logistics space and a number of structural changes taking place globally, including the rapid growth in e-commerce, remain key drivers of Goodman’s development business. With active developments underway in all operating markets, Goodman’s development work book increased to \$2.5 billion over the quarter.

“With our globally diversified platform, specialist industrial property expertise and available capital, our business is well positioned to capture the ongoing strong customer and investor demand for our development product and to take advantage of a broad range of high quality opportunities in all of our markets.

“Activity remains robust across all markets, and more pleasing is the contribution from the United Kingdom, with the commencement of two new logistics developments for a combined 89,000 sqm on behalf of Kuehne + Nagel and leading French express parcel business, Geopost. In China, we have a 556,000 sqm development work book with 516,000 sqm of new projects currently in planning, highlighting the strong customer demand for prime logistics space in that market. In Australia, we are progressing our urban renewal strategy, with contracts exchanging for the \$73 million sale of a second Sydney property in one of the five Goodman sites in NSW

Urban Activation Precincts in which Goodman holds sites identified as suitable for rezoning.” Mr Goodman commented.

Manage

- + **External assets under management increased to \$20 billion**
- + **\$1.8 billion of new third party equity raised in the quarter**
- + **Established new investment partnership with EPF in Germany**

During the quarter, Goodman completed a number of initiatives across its managed fund platform, which highlights the strong support of its capital partners and demand for Goodman’s specialist industrial product offering.

GELF completed a €550 million equity raising, with Goodman selling a further €110 million of its cornerstone investment in the Fund to meet excess investor demand. In China, the Canada Pension Plan Investment Board and Goodman contributed a further \$500 million of committed equity to the Goodman China Logistics Holding partnership. A new EPF partnership, KWSA Goodman Germany (KGG), was established on a 70:30 basis (EPF holding the larger share), with an initial combined equity commitment of €500 million. KGG was launched through the acquisition of a €213 million portfolio of German assets.

“We continue to work hard to build on our extensive capital partner relationships and this was again reflected in the magnitude of the equity inflows achieved during the quarter. As a result, our funds are well positioned to participate in opportunities from the Group and broader market with \$5.8 billion in uncalled equity and debt. The significant momentum and investment capacity this brings to our managed fund platform is highlighted by the organic growth achieved in our third party assets under management, which has been primarily driven by development completions.” Mr Goodman said.

Japan operating platform update

Goodman obtained full ownership of the Japan management platform at the beginning of this calendar year, consistent with its long-term commitment to Japan and ongoing execution of its business strategy in that market. A significant number of initiatives have subsequently been undertaken, which are driving the expansion of Goodman’s Japanese operating platform and highlight the value of the Group’s proven full service customer offering.

The Goodman Japan Core Fund (GJCF) has capitalised on the undersupply of modern logistics space, achieving high occupancy of 99%, with rental growth evident on lease renewals in its stabilised property portfolio. Since relaunch at the end of last year GJCF raised \$260 million of new equity, recycling the capital returned to Goodman into developments and acquiring a modern, high quality stabilised asset in Matsudo, Tokyo.

With the current development book, GJCF has the potential to grow to in excess of \$1.5 billion within two years. Currently, GJCF is undertaking a \$100 million equity raising, with the proceeds to be used for the acquisition of the Goodman Sakai development at Osaka Bay (now 100% pre-leased). The target equity amount of the raising is likely to be exceeded given investor demand received to date, with any excess to be used to fund the acquisition of future stabilised opportunities expected to primarily come from the existing development book.

In response to the robust market conditions and significant customer demand for well located, modern logistics properties, development of the 60,000 sqm Goodman Mizue project in Tokyo Bay is expected to commence in the second quarter. The 51,000 sqm Goodman Obu project in

Nagoya which is 50% pre-leased is also currently under construction. It is anticipated that construction will commence on the 64,000 sqm Goodman Ichikawa project in Tokyo Bay in the New Year with significant customer pre commitment interest across all projects. Further Goodman and ADIC are considering an expansion of the 50/50 joint venture Goodman Japan Development Partnership to take advantage of several other development opportunities as they arise.

Outlook

“Goodman is uniquely positioned as one of the most diversified and largest global industrial managers and developers offering a consistent, quality, long term product for both its customers and investors. When combined with the structural and cyclical changes that are taking place across the industry, including the rapid growth in e-commerce and network consolidation, we have seen our development work in progress grow to \$2.5 billion this quarter. The Group is provided with a strong competitive advantage through its global customer relationships, capital partners and the quality of its team, which enables it to selectively pursue a range of opportunities,” said Mr Goodman.

The robust property fundamentals and strong operating momentum across Goodman’s business in the first quarter of FY2014 ensures Goodman is well positioned to execute on its business strategy and drive earnings over the remainder of FY2014. Accordingly, the Group reaffirms its FY2014 earnings guidance for a full year operating earnings per security of 34.3 cents, up 6% on FY2013.

- Ends -

For further information, please contact;

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Group Chief Executive Officer

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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom, North America and Brazil. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist fund managers of industrial property and business space globally.

Goodman’s global property expertise, integrated own+develop+manage customer service offering and significant fund management platform ensures it creates innovative property solutions that meet the individual requirements of its customers, while seeking to deliver long-term returns for investors.

GMG quarterly presentation

7 November 2013



Strength in numbers+



Goodman Group

\$24.2bn
Assets under management

\$2.5bn
Development work in progress

96%
occupancy

1000+
dedicated people



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+ Section 1
Quarterly
Highlights



Overview

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+ Delivering on strategy of being a leading global industrial property operator and fund manager

+ Global capital partners continue to support the Group's strategy

- Total assets under management (AUM) exceeding \$24 billion
- Coupled with undrawn debt and equity of \$6 billion further growing AUM
- \$1.8 billion of third party equity commitments for managed funds platform completed this quarter
- Support is from global institutional investors supporting sector specialists with proven development capabilities

+ Structural changes in occupier market driving development workbook to \$2.5 billion

- Customers pre-committing with reputable operators with known track record
- Customer focus is on quality, certainty of delivery and cost effective solutions to drive efficiencies
- Quality of product is reflected in high occupancy of 96% across the portfolio

+ Goodman's global operating platform is a key point of differentiation

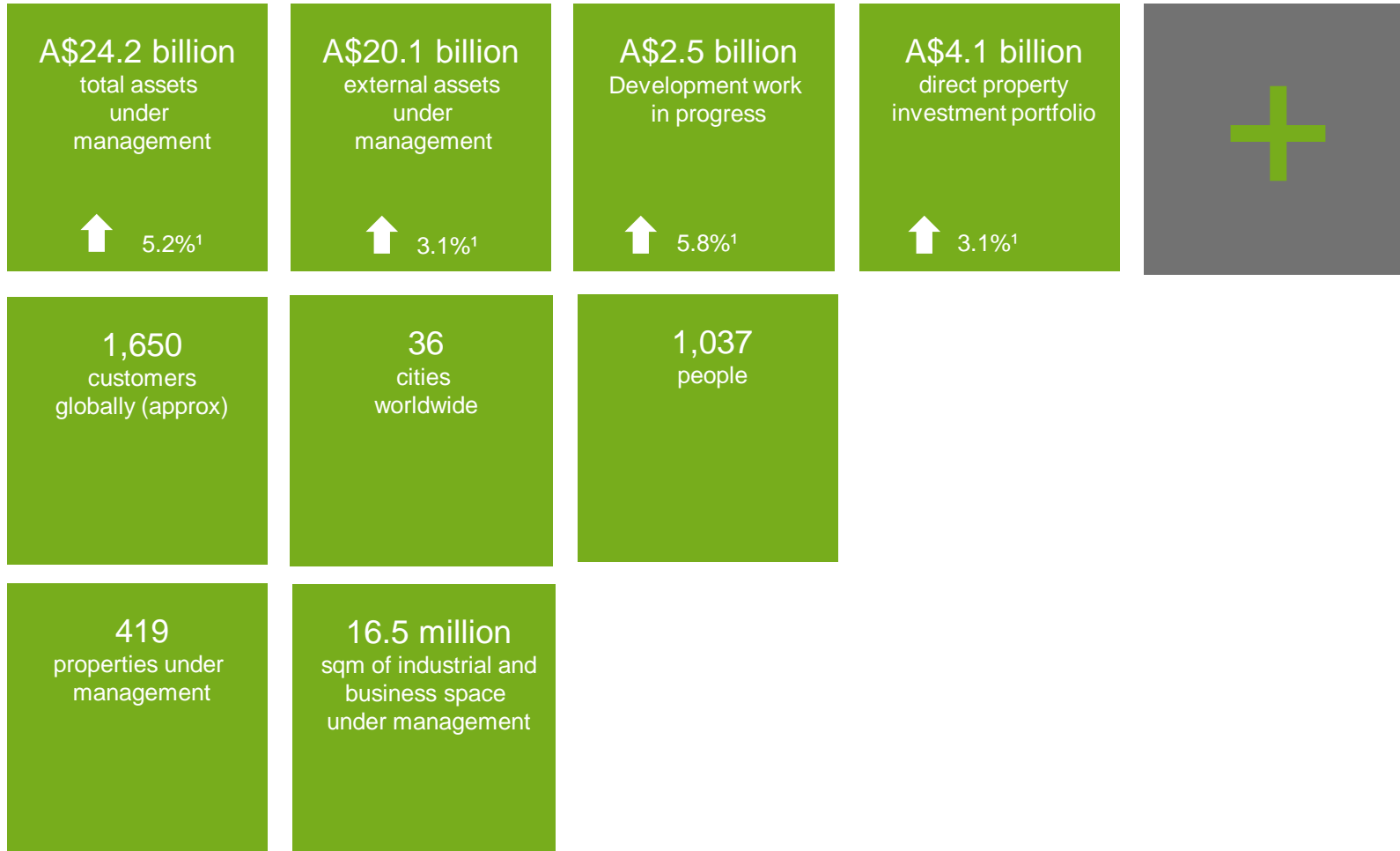
- Enables the Group to respond to different economic cycles in the markets we operate
- Global capital partners and customers are a key competitive advantage
- Key focus remains on execution of day to day operational activities

+ Robust fundamentals provide basis to reaffirm forecast operating earnings per security of 34.3 cents up 6% on FY13

Snapshot



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1. % increases based on 30 June 2013 reported numbers

Quarterly Highlights - Own

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- + Total assets under management (AUM) exceeding \$24 billion
 - Leased 631,000 sqm across the platform equating to \$75 million of annual property income
 - Occupancy maintained at 96%
 - Retention rate of 74% and WALE of 4.8 years
 - Positive reversions of 3.6% on new leasing deals
- + Significant leasing deals included:
 - Leased 256,578 sqm across the Australian portfolio equating to \$30.3 million pa
 - Five year leases to Kimberly Clarke at Angliss Distribution Centre, Laverton for 16,777 sqm and Electrolux at Moorebank for 22,199 sqm
 - Leased 125,077 sqm of space in Greater China in the quarter equating to \$21.0 million pa
 - Average rental reversions on ATL renewals exceeding +35%
 - Extended 58,520 sqm of space to Kuehne + Nagel in Germany and France adding to the 162,000 sqm signed in June 2013
 - Everything Everywhere extended lease to 2028 over 6,500 sqm at Hatfield Business Park
- + Recycling of assets to fund future growth opportunities
 - Three German assets sold to EPF from GMG for €105 million
 - Four German assets contracted to sell to EPF from GELF for €108 million



Angliss Distribution Centre, Laverton, VIC



ATL, Logistics Centre, Hong Kong



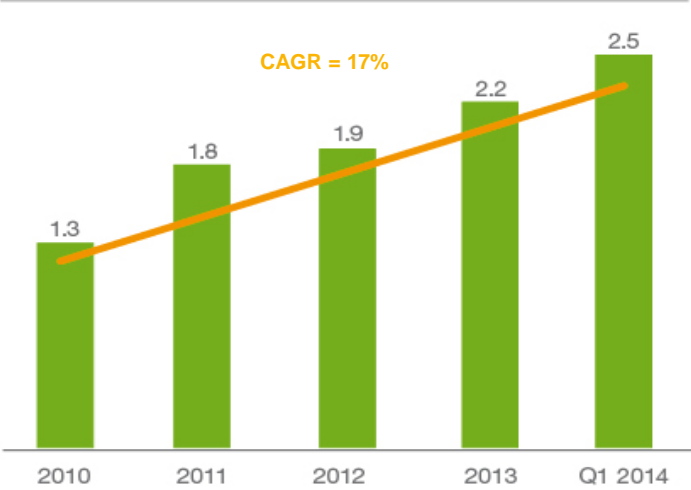
Goodman Waigaoqiao, Distribution Centre, Shanghai, China

Quarterly Highlights - Develop

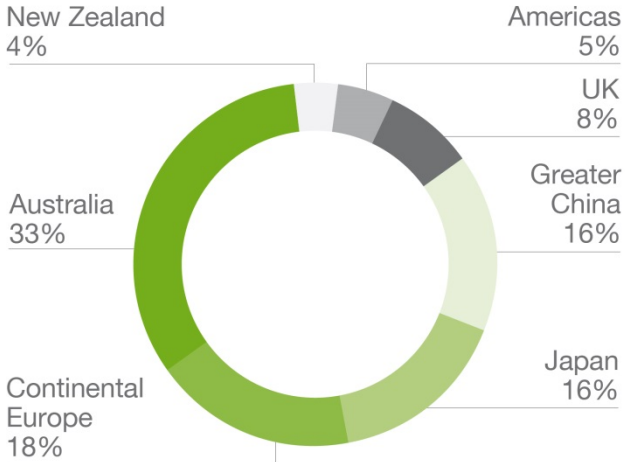
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- + WIP of \$2.5 billion across 69 projects
- + Active developments across all markets
 - \$0.6 billion of development commitments in the quarter
 - Commenced 89,000 sqm of logistics developments in the UK across two projects
 - Australia, China, Europe and UK key contributors
 - Goodman Sakai, Osaka Bay 100% leased prior to completion
- + China work in progress totals 556,069 sqm of which 35%¹ is pre-committed
 - Projects in planning total 515,604 sqm
 - Secured and controlled land bank of 4.3 million sqm
- + Urban renewal projects to contribute to development earnings over the medium term
 - GTA exchanged on the sale of Global Business Park, North Ryde for \$73 million
 - Second sale of a site in a NSW Urban Activation Precinct from the five Goodman identified sites
 - Australian urban renewal projects capable of delivering >20,000 apartments
- + Urban renewal projects reduces available logistics space and is resulting in proposals of higher density on remaining sites
 - Two storey 27,500 sqm facility on Gardners Rd, Mascot is in planning
- + Development momentum has continued into second quarter:
 - GMT New Zealand is the preferred party to a development at Viaduct, Auckland with Phase I pre-committed to Fonterra for 15,500 sqm of office
 - 128,736 sqm Amazon facility in Wroclaw, Poland
 - Expected to commence development of Goodman Mizue, Tokyo Bay in Q2FY14
- + Development pipeline remains in excess of \$10 billion

Development WIP (\$bn)



Work in progress as at 30 Sept 2013



1. Including signed Heads of Agreement

Quarterly Highlights - Develop



Glassworks Industry Park, Christchurch, NZ



Redbank Motorway Estate, Redbank Plains, QLD



Global Business Park, North Ryde, NSW

Estimated end value	\$30 million
Land area	36,081 sqm
Lettable area	17,966 sqm
Contracted owner	GMT
Location	Christchurch, NZ
Description	<ul style="list-style-type: none"> + Three development projects, including pre-commitments from MOVE logistics and DHL, and a multi-unit development anchored by Bridgestone + Estimated completion between March and June 2014

Estimated end value	\$56 million
Land area	85,810 sqm
Lettable area	45,820 sqm
Contracted owner	GTA
Location	Redbank Plains, QLD
Description	<ul style="list-style-type: none"> + Approximately 70% pre-committed to DB Schenker for 10 years + Phase I of a total \$350 million estate + Capable of delivering 250,000 sqm of industrial space

Sale price	\$73 million
Land area	1.8 ha
Contracted owner	GTA (sold)
Location	Delhi Road, North Ryde, NSW
Description	<ul style="list-style-type: none"> + Identified NSW Urban Activation Precinct + Acquired by foreign developer + Capacity to deliver 825+ apartments

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Quarterly Highlights - Develop

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Citylink Yanjio, Beijing, China

Estimated end value	\$76 million
Land area	158,076 sqm
Lettable area	102,542 sqm
Contracted owner	GCLH
Location	Yanjio, Beijing, China
Description	<ul style="list-style-type: none"> + Phase II and III, + 33,300 sqm pre-committed by BMW Brilliance Automotive Limited for 8 years



Derby Commercial Park, Derby, UK

Estimated end value	\$82 million
Land area	122,000 sqm
Lettable area	58,274 sqm
Contracted owner	GMG
Location	Derby (Midlands)
Customer	Kuehne + Nagel / Heineken
Term	10 years
Description	<ul style="list-style-type: none"> + Phase I of a 186,000 sqm site + Completion March 2014



Amazon, Wroclaw, Poland

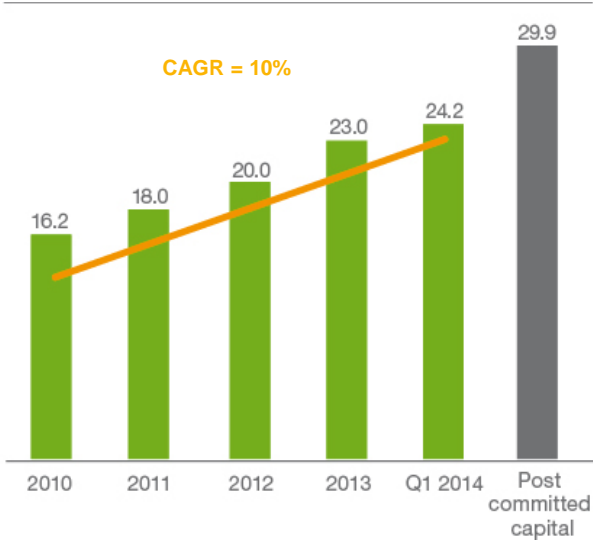
Estimated end value	\$106 million
Land area	224,072 sqm
Lettable area	128,736 sqm
Contracted owner	GMG
Location	Wroclaw-Bielany, Poland
Customer	Amazon
Term	15 years
Description	<ul style="list-style-type: none"> + Development commenced in Q2FY14

Quarterly Highlights - Manage

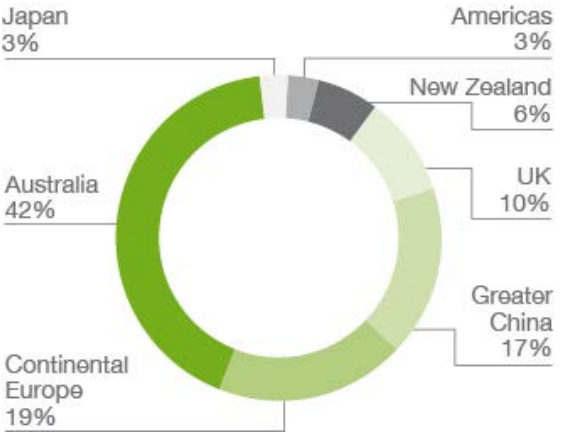
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- + External assets under management (AUM) of \$20 billion
 - Development completions key driver of AUM growth
- + Raised \$1.8 billion of third party equity commitments in the quarter
- + Global capital partners and customers attracted to sector specialist and proven development capabilities
 - Raised €550 million for GELF with Goodman selling a further €110 million of its cornerstone investment to meet excess demand
 - Commitment of a further US\$500 million for GCLH taking total equity for that fund to US\$1.5 billion
 - Established KWASA Goodman Germany (KGG) partnership with EPF on a 70:30 split with an initial equity commitment of €500 million. Initial tranche of €213 million of German assets acquired
 - Undrawn debt and equity in managed funds totals \$5.8 billion
- + EPF investment mandate to be extended with Poland and France now under consideration
- + Goodman Japan Core Fund equity raising launch
- + Contemporary governance structure and production of quality investment grade assets is a key competitive advantage

Total AUM (\$bn)



Total AUM by geography¹



1. Total AUM post committed capital

Japan – Case study of full service model

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own+

- + Goodman Japan Core Fund (GJCF) occupancy at 99%
- + Rental increases evident on lease renewals
- + GJCF target size of \$1.5 billion over next 18 months primarily from development pipeline
- + Significant investor interest in further capital raisings



Sakai, Osaka Bay, Japan

develop+

- + Goodman Sakai, Osaka Bay 100% pre-leased to high quality tenants 5 months prior to construction completion
- + Goodman Obu, Nagoya 53% pre-committed with strong enquiry on the balance and completion due end of 2014
- + Goodman Mizue, Tokyo Bay expected to commence construction in Q2FY14 based on active enquiry
- + Favourable non-recourse financing terms for development projects
- + Goodman and ADIC expanding 50/50 development JV to take advantage of several attractive development opportunities as they arise

manage+

- + Raised \$260 million of new third party equity since re-launch last year
- + Undertaking \$100 million equity rising
- + Acquired a modern, high quality asset in Matsudo, Tokyo
- + Acquiring Goodman Sakai, Osaka Bay on completion in March 2014

+ Appendix 1

Leasing

Leasing¹



Across the Group and Funds platform:

+ Positive reversions of 3.6% on new leasing deals

Division	Leasing area (sqm)	Net annual rent (\$M)	Average lease term (years)	Occupancy at 30 Sept 2013 (%)
Australia – Direct	46,682	6.6	2.8	94
Australia – GAIF	127,400	14.4	3.0	97
Australia – GTA	66,209	7.4	4.2	95
Australia - KGIT	16,287	1.9	5.7	100
China – GCLH	40,980	3.3	2.0	98
Hong Kong – GHKLF	84,097	17.7	4.0	99
UK – ABPP	8,789	2.9	6.3	91
UK - Direct	25,629	0.9	0.5	89
Europe – GELF	149,754	8.3	2.8	96
Other	64,767	11.3	5.9	95
Total	630,594	74.7		96

1. Leasing excludes agreements for lease on development projects which are included in Appendix 2

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+ Appendix 2
Development



Kobe, Japan

Developments

Q1FY14 Developments	Completions	Commitments	Work in progress
Value (\$M)	519	583	2,481
Area (m sqm)	0.5	0.5	1.9
Yield (%)	8.7%	9.2%	8.8%
Pre-committed (%)	88%	69%	71%
Weighted Average Lease Term (years)	6.5	4.1	6.6
Development for Third Parties or Funds (%)	86%	68%	90%
Australia / New Zealand (%)	44%	35%	37%
Asia (%)	17%	30%	32%
Americas (%)	0%	0%	5%
Europe (%)	39%	35%	26%

Work in progress by region	On balance sheet end value \$M	Third party funds end value \$M	Total end value \$M	Third party funds % of total	Pre committed % of total
Australia / New Zealand	20	894	914	98	82
Asia	83	703	786	89	55
Americas	-	132	132	100	-
Europe	156	493	649	76	91
Total	259	2,222	2,481	90	71

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+ Appendix 3

Funds Management

Management platform



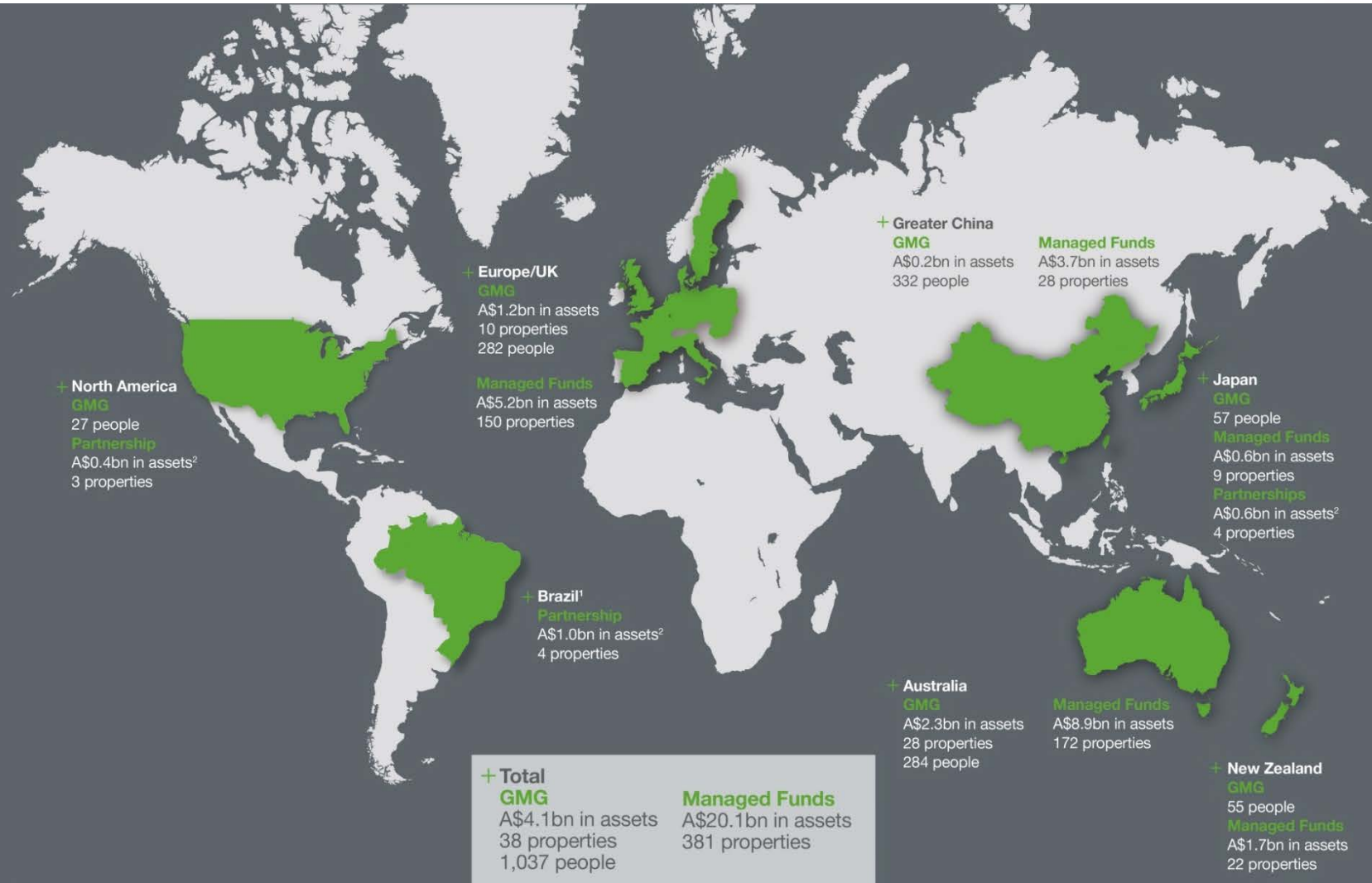
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Goodman's seven largest managed vehicles							
	GAIF	GTA	GELF	GHKLF	GMT ¹	ABPP	GCLH
							
Total assets	\$5.2bn	\$3.1bn	\$3.1bn	\$2.6bn	\$1.7bn	\$1.6bn	\$0.9bn
GMG co-investment	27.5%	19.9%	20.4% ⁴	20.0%	17.5% ²	43.1%	20.0%
GMG co-investment	\$0.9bn	\$0.4bn	\$0.4bn	\$0.5bn	\$0.2bn ²	\$0.3bn	\$0.1bn
Number of properties	115	55	96	15	22	25	13
Occupancy	97%	95%	96%	99%	96%	91%	98%
Weighted average lease expiry³	5.6 yrs	3.4yrs	4.6yrs	2.8 yrs	5.3 yrs	5.9 yrs	3.1 yrs

1. As at 31 March 2013 (as disclosed to the New Zealand stock exchange in May 2013)
2. As at 30 September 2013
3. WALE of leased portfolio to next break as at 30 September 2013
4. Post settlement of GMG sell down completed in November 2013

Global platform

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■ Current Goodman global presence

As at 30 September 2013 (Australian currency).

1. Brazil launched 8 November 2012, with 50/50 joint venture between Goodman and WTorre.

2. Estimated end value.

Strength
in numbers+

Goodman+

Thank you

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