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Goodman building toward US\$3 billion development pipeline in the US

Date 3 November 2015

Release Immediate

Goodman Group (Goodman or Group) on the back of its Southern California property tour, advises that significant progress has been made on the roll-out of its development pipeline since its entry into the US industrial property market in June 2012. As a result, the Group is on track to achieve US\$3 billion in assets under management in the short to medium term with strong growth forecast. Goodman's US platform remains focused on the core logistics and industrial markets of Inland Empire, Greater Los Angeles, Northern New Jersey and Central Pennsylvania, and continues to execute its develop to hold strategy at this point in the property cycle.

Through its investment partnership with Canada Pension Plan Investment Board, Goodman North America Partnership (GNAP), the Group has total committed equity of US\$2 billion, with a current development and investment pipeline of US\$1.7 billion. This will provide 15.1 million square feet of prime warehouse and logistics space across 12 sites. Including sites in various stages of acquisition, this pipeline is expected to exceed US\$3 billion in the short to medium term.

Goodman Group CEO, Greg Goodman commented: "We are excited by the growth outlook and momentum across our US platform. Particularly pleasing are the development sites we have secured in prime locations, together with the world class real estate we are currently developing. The quality of our focused product and service offering is highlighted by the high profile customers committing to these projects, including Georgia-Pacific at our recently completed Goodman Logistics Center Rancho Cucamonga in the Inland Empire West market."

Brandon Birtcher, CEO of Goodman Birtcher North America, commented "We are now benefiting from the hard work that has gone into taking our key land sites through the entitlement process. Significantly, we have achieved this at a time when the key macro drivers in the markets where we operate, including economic growth, new supply and absorption rates, are providing a favourable operating environment for our business."

Goodman's US achievements include the completion of its first logistics centre at Oakland, California in May 2014, which was subsequently sold to a US investor in an off market transaction. To date, Goodman has completed 2.2 million square feet in the Inland Empire West market in Southern California and currently has three active projects in the Inland Empire West market and Greater Los Angeles, totalling 2.3 million square feet. Across these sites, commercial terms have been agreed for over 50% of the available space, with active enquiry and terms issued for the balance of the lettable area.

Goodman Group

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This week Goodman is hosting a property tour of its Southern California assets and development sites for investors. Attached is the presentation being provided as part of the property tour.

- Ends -

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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 investment managers of industrial property and business space globally.

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

For more information: www.goodman.com



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Southern California property tour

November 3, 2015



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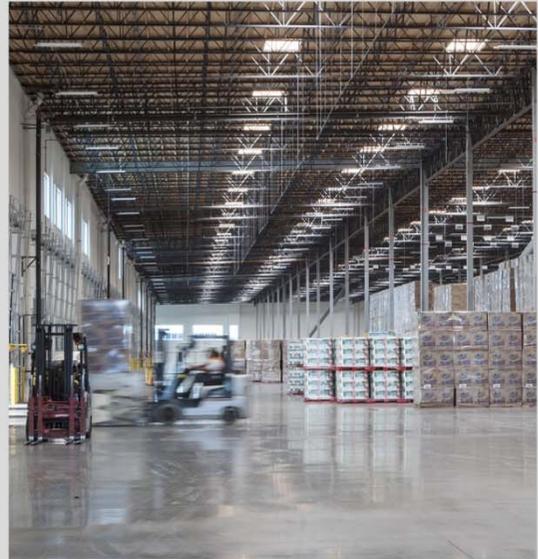
Goodman North America



- + Goodman Group entered the North American market in June 2012 through the acquisition of Birtcher Development and the launch of the Goodman North American Partnership (GNAP)
- + Goodman's North American platform combines global expertise and local management knowledge
 - National platform headquartered in Irvine, California with a regional office in Pennsylvania
 - Vertically integrated business covering all aspects of development, investment, asset + property management
- + Goodman North American Partnership is an investment Partnership between Goodman (55%) and CPPIB (45%)
 - Investment vehicle for all assets developed and sourced by Goodman's North American platform
 - Investment strategy to target select North American logistics markets with an initial focus on development led opportunities
 - US\$2.0bn equity committed to GNAP
- + Goodman have identified and secured an investment and development pipeline of US\$1.7bn (15.1m sqft)
 - Focused on "Big Box" and infill product in key markets of Greater Los Angeles, Inland Empire, Northern New Jersey and Central Pennsylvania
 - Completed first building in Oakland, CA in May 2014 – subsequently disposed in an off market transaction to a US investor
 - 2.2m sqft of completed product in the key Inland Empire West sub-market
 - 2.3m sqft of product under construction across three projects
- + Including sites in various stages of acquisition, current investment and development pipeline is building toward US\$3bn



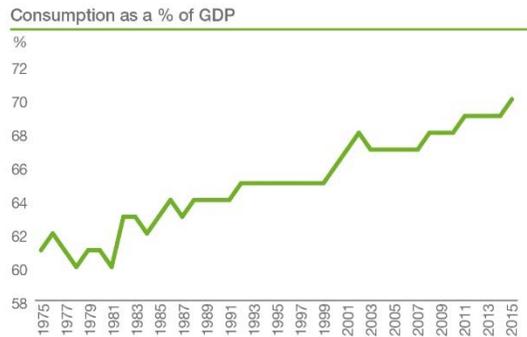
US industrial market



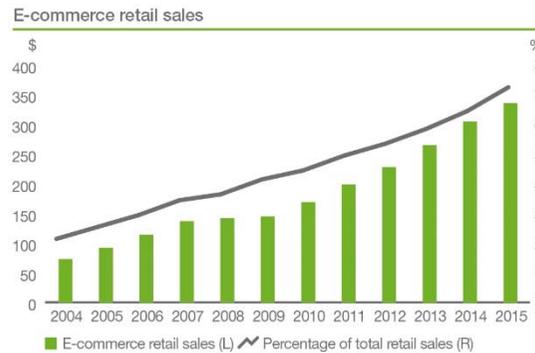
Key US industrial market drivers



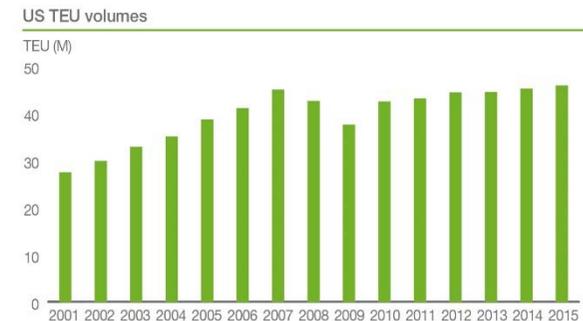
Economic drivers	<ul style="list-style-type: none"> + Key industrial demand drivers of industrial production, trade, retail sales, and consumer product inventories have staged a strong recovery since the global financial crisis + Consumption represents nearly 70% of GDP – increasing spending capacity drives consumption, leading to an increase in demand for new buildings
E-Commerce	<ul style="list-style-type: none"> + Now a key structural driver of industrial demand – e-commerce companies and traditional retailers continue to make major investments in omni-channel distribution networks + E-commerce sales growing at over 14% per annum and represent 7% of total retail sales
Seaports	<ul style="list-style-type: none"> + Seaports account for 99% of US international trade by weight and 64% by value + 2 largest ports are LA/ Long Beach, NY/ New Jersey and comprise 45% of all TEU traffic



Source: US Bureau of Economic Analysis



Source: US Department of Commerce.
Note: 2015 figure represents annualized Q2 2015 actual

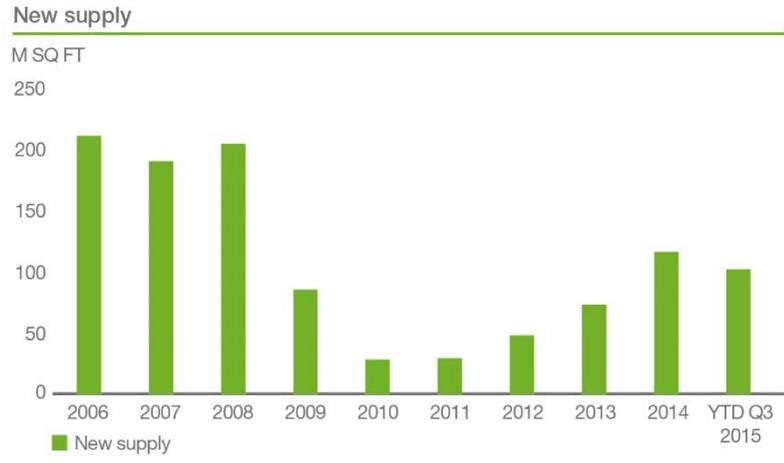


Source: Worldbank, CBRE
Note: 2015 figure represents YTD Q3 2015 actual plus forecast

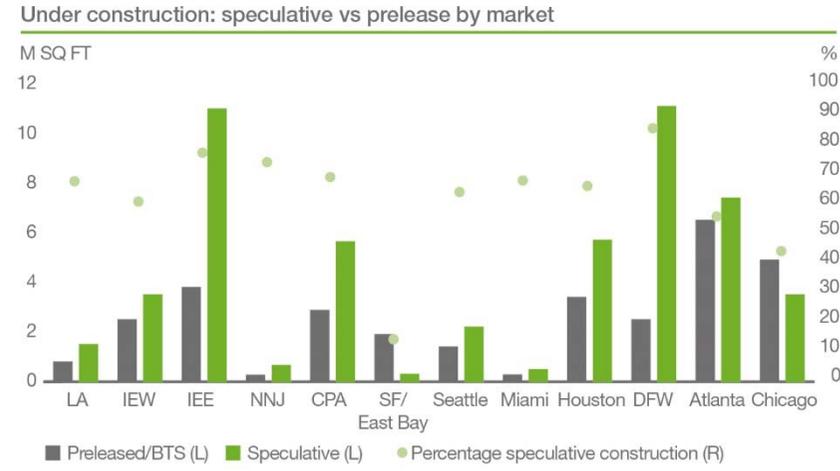
US industrial market - supply



Size and scale	<ul style="list-style-type: none"> + World's largest - 13.2bn sqft of product of which 6.0bn sqft is warehousing and distribution space + Estimated 2.1bn sqft is "Big Box" warehousing (over ~300k sqft)
Supply	<ul style="list-style-type: none"> + New supply remains in line with historical average, but some markets seeing an acceleration of new starts <ul style="list-style-type: none"> - Year to date (Q3 2015) new supply of 101m sqft – compares to 2014 new supply of 115m sqft - 10 year average new supply of 118m sqft with peak of 200m sqft in 2008 + 148m sqft of product currently under construction with 45% speculative



Source: CBRE



Source: CBRE, Colliers, Cushman, JLL and Costar

US industrial market - demand + rents



Demand

- + New supply is being met by strong demand across majority of markets
 - 22 consecutive quarters of net absorption since Q2 2010
 - Year to date (Q3 2014) net absorption of 171m sqft compares to 2014 net absorption of 224m sqft
 - 10 year average net absorption of 113m sqft with peak of 289m in 2005
- + Class A net absorption represents 40% of all space, despite only representing 10% of total stock
- + Current market vacancy of 6.8%, down from 10.4% in 2010

Rents

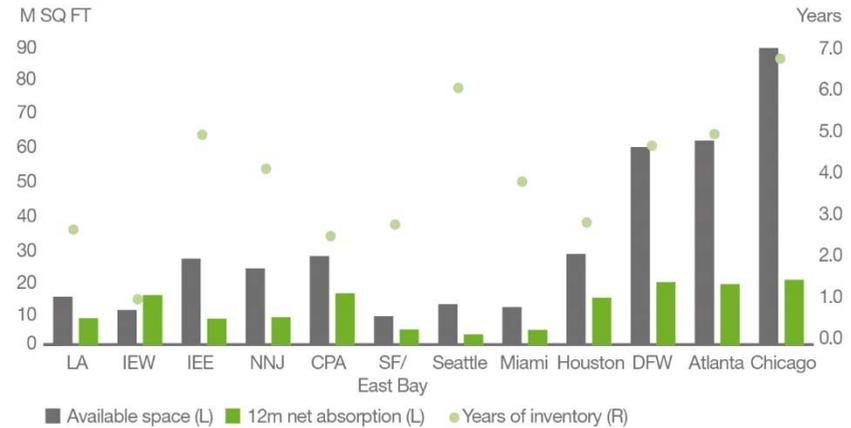
- + Year on year rent growth (at Q3 2015) of 4.3%
- + Between 2008 (peak) and 2010 (trough) average rents fell 21%
- + Market rents at Q3 2015 approximately 6% below peak

Net absorption and vacancy



Source: CBRE, JLL

US inventory and absorption by market



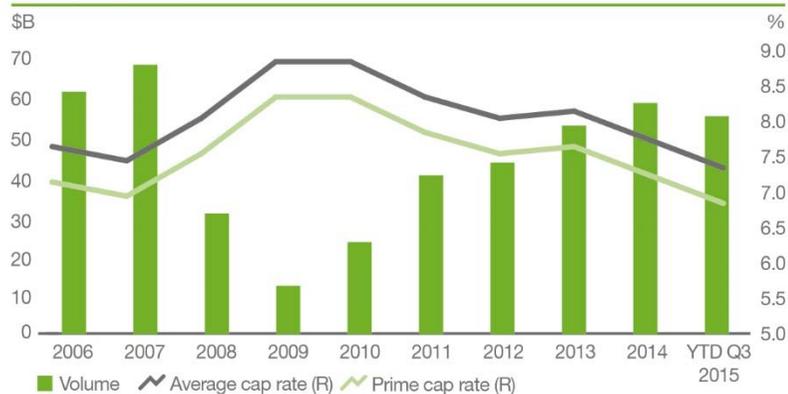
Source: CBRE, Colliers, Cushman, JLL and Costar

US Industrial Market - Capital Markets



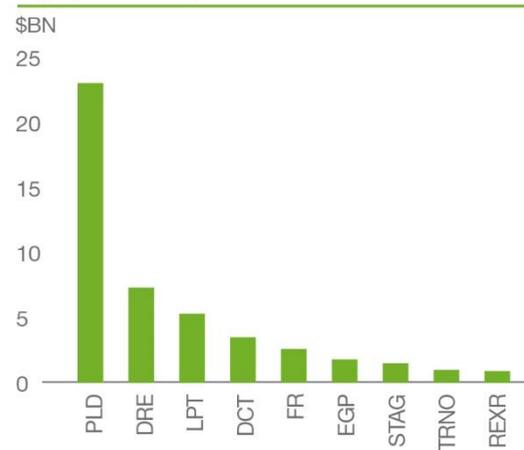
Industrial investment sales	<ul style="list-style-type: none"> + Strong demand for core, long let assets in prime locations + Capital values (on a \$psft basis) have now surpassed peak + Average cap rates now at 6.7%, 10bps below 2007 peak of 6.8% + Strong rental growth assumptions supporting acquisition underwriting + Year to date (Q3 2015) industrial investment sales of \$50bn – compares to 2014 total sales of \$53bn
REITs	<ul style="list-style-type: none"> + Nine industrial stocks with a total market cap of \$47bn with a median of \$2.6bn + Average 12 month total return of 7.5%

US cap rates and sales volume



Source: CBRE

Equity market capitalisation



Source: Deutsche Bank



Investment pipeline



Investment pipeline



+ Secured investment pipeline of US\$1.7bn providing 15.1m sqft of product

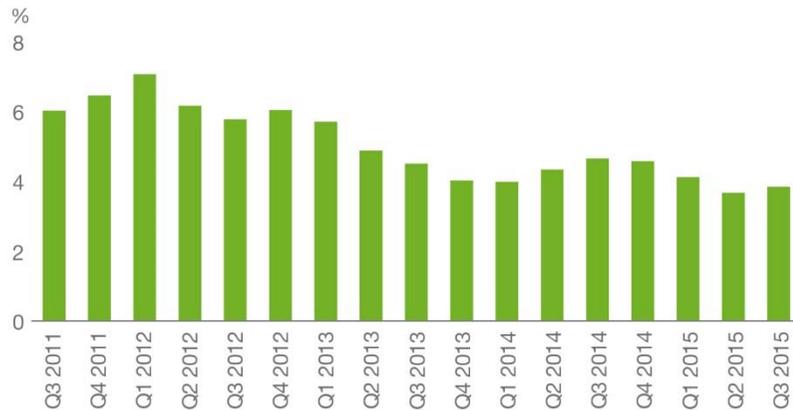


Market focus - Inland Empire



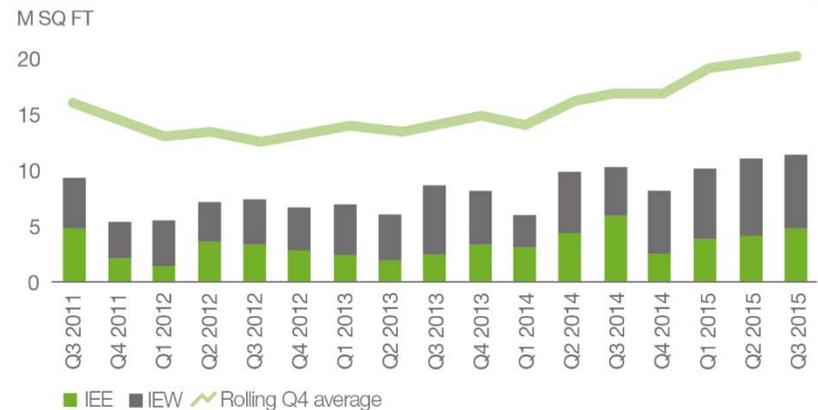
Supply	<ul style="list-style-type: none"> + Total industrial market size of 457m sqft - includes 140m sqft of 'Big Box' (500k sqft+) warehousing + 59% of stock located in the Inland Empire West (IEW) with 41% located in the Inland Empire East (IEE) + Overall Inland Empire vacancy rate of 3.8% - IEW vacancy of 2.1% and IEE vacancy of 6.3% + 20.7m sqft of new product currently under construction – IEW 5.9m sqft and IEE 14.8m sqft
Demand	<ul style="list-style-type: none"> + Year to date (Q3 2015) gross activity of 32.0m sqft, on track to reach 40m sqft in 2015 + Year to date (Q3 2015) net absorption of 17.3m sqft – IEW 11.0m sqft and IEE 6.3m sqft
Rents	<ul style="list-style-type: none"> + Year on year rent growth (at Q3 2015) of 10% + Rents on average approximately 5% below prior peak

Overall market vacancy



Source: CBRE

Overall market gross absorption

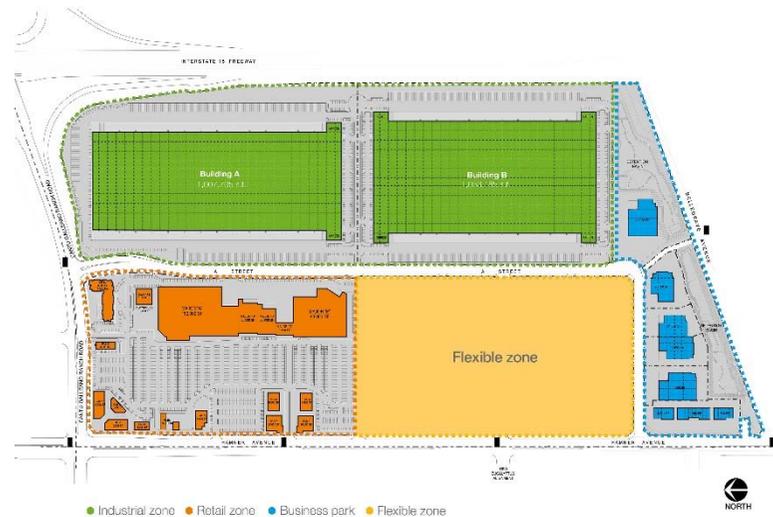


Source: CBRE

Goodman Commerce Center Eastvale



Market	+ Inland Empire West, CA
Investment type	+ Development
Strategy	+ Development of mixed use site – Industrial, Retail, Business Park and Medical
Location	+ Prime site located in key Inland Empire West sub-market + Adjacent to I-15 with direct access to on/off ramp + Five miles to Ontario International Airport + 60 Miles from LA/Long Beach Port allowing two truck turns per day
Background and status	+ Acquired site in 2012 + Approval to re-zoning received in December 2014 + 1.0m sqft industrial building under construction
Site area	+ 205 acres
Net lettable area	+ Industrial - 2.0m sqft + Retail - 0.4m sqft + Business Park - 0.2m sqft + Flexible use - 40 acres Industrial/Medical/Business Park
Leasing	+ Agreed commercial terms over 15% of site and progressing through legal documentation + Active enquiry or terms issued on additional 60% of site



Goodman Logistics Center Rancho Cucamonga



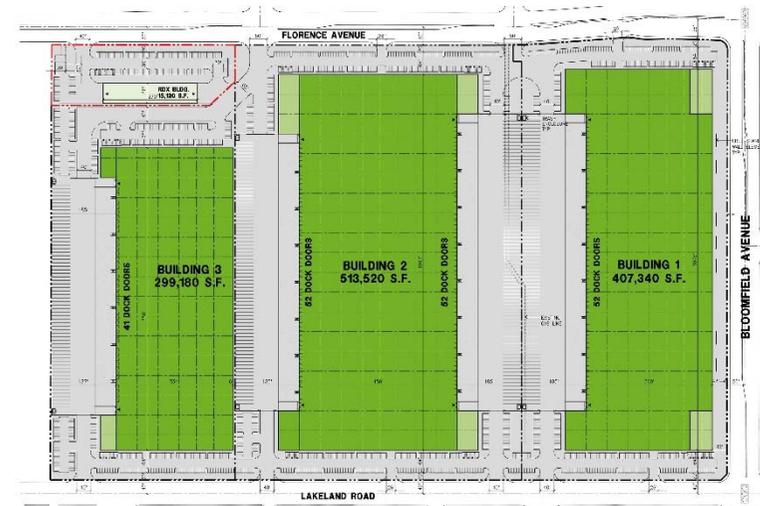
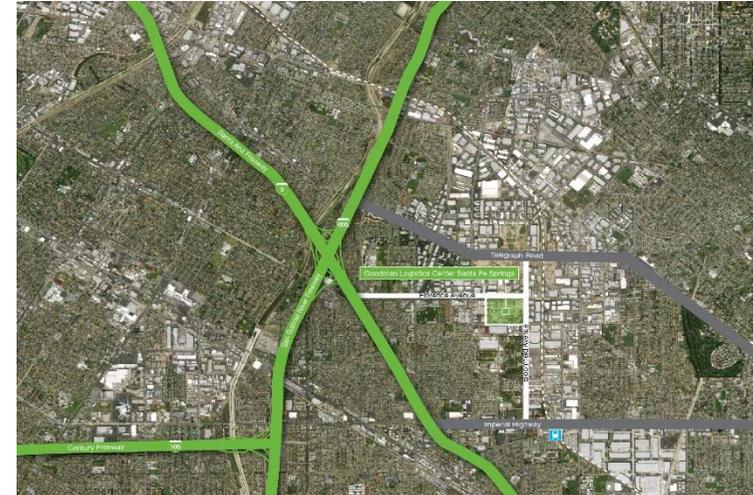
Market	+ Inland Empire West, CA
Investment type	+ Development
Strategy	+ Development of two cross dock distribution buildings
Location	+ Prime site located in key Inland Empire West sub-market + Direct Freeway access to I-15 + Seven miles to Ontario International Airport + 60 Miles from LA/Long Beach Port allowing two truck turns per day
Background and status	+ Acquired site in 2012 + Asset completed in July 2015
Site area	+ 75 acres
Net lettable area	+ 1.6m sqft
Leasing	+ 100% pre-leased to Georgia-Pacific

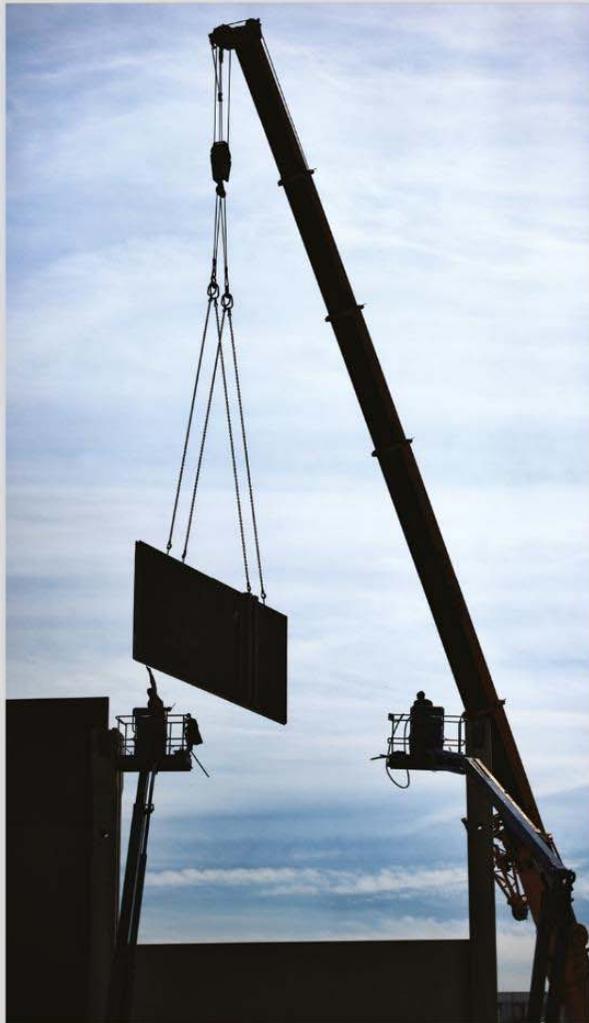


Goodman Logistics Center Santa Fe Springs



Market	+ Los Angeles
Investment type	+ Development
Strategy	+ Development of three warehouse distribution facilities
Location	+ Prime site located in key mid-counties sub-market + 18 miles from Port of LA / Long Beach + Close proximity to the 605 and five freeways, and interstate 10 + 20 miles from Los Angeles airport
Background and status	+ Site acquired in 2014 + Decommissioned former oil refinery + Site is undergoing remediation + Building 1 currently under construction
Site area	+ 54 acres
Net lettable area	+ 1.2m sqft
Leasing	+ Agreed commercial terms over 100% of site and progressing through legal documentation





Thank you

