



Goodman Group (Goodman or Group) has delivered a strong performance across all divisions in the nine months to March 2018.

The increasing demand for prime industrial space across the Group's global portfolio continues to be driven by the impact of rising urban populations and technological changes, which are in turn driving the growth of e-commerce around the world.

"Technology-driven change in global markets is increasing demand for warehouses and industrial real estate in urban centres. We're seeing simultaneous improvement in mobile and supply chain technology, aiding fulfilment and combining to facilitate the ongoing growth of e-commerce over the long term.

Our customers are adopting automation and robotics which is improving the efficiency and speed of delivery to consumers. However, the continued strong growth of e-commerce, means that more facilities in urban areas are needed to support demand.

This demand for space in the right locations is providing support for our ongoing development workbook and property fundamentals on our stabilised portfolio."

– Greg Goodman, Group CEO

KEY HIGHLIGHTS

for the nine months to 31 March 2018

- + \$36.8 billion total assets under management located in core markets, (up 6.4% on 1H FY18)
- + 3.1% like for like NPI growth reflecting high-quality portfolio
- + 98% occupancy across the Group and Partnerships
- + \$3.5 billion of development work in progress
- + \$2.3 billion of development commencements with 70% undertaken in Partnerships
- + Reaffirm forecast FY2018 operating earnings per security of 46.5 cents, up 8% on FY2017

\$36.8bn



TOTAL ASSETS UNDER
MANAGEMENT

\$3.5bn



DEVELOPMENT WORK
IN PROGRESS

98%

OCCUPANCY

OWN

The portfolio is now concentrated in large urban centres, where barriers to entry are high, land is scarce and in some cases supply is negative. The repositioning is now delivering higher occupancy globally and improving rental growth, as customers from multiple industries compete for space close to consumers. The increased demand from e-commerce, data centre users and urban renewal continues to put pressure on land use and availability.

- + Underlying property fundamentals in the global portfolio remain strong
 - Leased 2.7 million sqm across the platform over the period equating to \$323 million of annual net property income
 - Maintained occupancy at 98%
 - WALE of 4.7 years
 - Like for like NPI growth of 3.1%
- + Scarce supply of land leading to intensification of use
 - Long term driver of sustainable rental growth
 - Provides redevelopment opportunities.

98%
OCCUPANCY



2.7m
SQUARE METRES
LEASED



4.7 years
WALE

LEASING¹ – Nine months to 31 March 2018

Region	Leasing area (sqm)	Net annual rent (\$M)	Average lease term (years)
Australia / New Zealand	856,254	122.0	4.7
Asia	1,015,555	136.1	3.1
UK / Continental Europe	850,813	64.9	4.3
Total	2,722,622	323.0	3.9

Total AUM by type



DEVELOP

Demand from customers globally remains robust and we are seeing positive pressure on development rents in most markets. The Group's focus remains on delivering quality developments which is reflected in almost full occupancy on completion of projects over the past nine months and strong margins.

- + Development WIP of \$3.5 billion across 73 projects with a forecast yield on cost of 7.1%
- + Development commencements of \$2.3 billion with 52% pre-committed and 70% developed for Partnerships or third parties
- + Development completions of \$2.5 billion with 88% pre-committed and 86% developed for Partnerships or third parties.
- + Structural and cyclical themes continue to provide positive tailwinds with land acquisitions focused on heavily supply constrained markets
- + Continued capital partnering of development projects with 76% of WIP now undertaken within Partnerships
- + European markets of France and Germany remain key drivers from e-commerce users focusing on urban logistics facilities.

Development WIP



Work in progress as at 31 March 2018



Q3 FY18 Developments	Completions	Commencements	Work in progress
Value (\$b)	2.5	2.3	3.5
Area (m sqm)	1.6	1.3	2.1
Yield (%)	7.4	7.0	7.1
Pre-committed (%)	88	52	57
Weighted Average Lease Term (years)	10.3	9.5	8.0
Development for Third Parties or Partnerships (%)	86	70	76
Australia / New Zealand (%) of WIP	18	17	21
Asia (%) of WIP	11	17	33
Americas (%) of WIP	24	21	15
Europe (%) of WIP	47	45	31

Work in progress by region	On balance sheet end value \$m	Partnerships end value \$m	Total end value \$m	Partnerships % of total	Pre committed % of total
Australia / New Zealand	88	655	743	88	62
Asia	104	1,044	1,148	91	35
Americas	34	486	520	93	55
Europe	600	470	1,070	44	78
Total	826	2,655	3,481	76	57

MANAGE

Total AUM increased to \$36.8 billion in the quarter (up 6.4% on 1HFY18) mainly due to strong valuation growth, development completions and currency offsetting asset sales.

Strong customer demand in the global portfolio should continue to support income growth and cap rate compression, sustaining strong returns and consequently management revenue growth.

+ External AUM of \$33.3 billion (up 7% on 1H18) driven by

- strong valuation gains
- development completions and net acquisitions
- exchange rates.

+ Strong performance of Partnerships to support ongoing performance fees

+ Continued strong demand from capital partners and investment market for logistics product.

Total AUM



Total AUM by geography



	GAIP	GHKLP	GEP	GAP	GCLP	GMT	GJCP	GNAP	GUKP
Total assets	\$6.9bn	\$5.1bn	\$5.4bn	\$3.7bn	\$3.4bn	\$2.5bn	\$2.3bn	\$1.7bn	\$0.3bn
GMG co-investment	27.9%	20.0%	20.4%	19.9%	20.0%	21.2%	17.3%	55.0%	33.3%
GMG co-investment	\$1.3bn	\$0.8bn	\$0.7bn	\$0.7bn	\$0.5bn	\$0.3bn	\$0.2bn	\$0.8bn	\$0.1bn
Number of properties	94	11	121	35	33	13	12	7	3
Occupancy	97%	100%	98%	98%	98%	98%	100%	100%	100%
Weighted average lease expiry	4.9 years	2.8 years	5.1 years	4.3 years	3.6 years	6.2 years	3.7years	6.8 years	10.6 years

\$33.3bn

EXTERNAL ASSETS UNDER MANAGEMENT

76%

DEVELOPMENT IN PARTNERSHIPS



349

PROPERTIES IN PARTNERSHIPS



OUTLOOK

Structural demand drivers continue

Consumption, driven by growing wealth, technology and urbanisation, is providing a strong tailwind for revenue growth and therefore our customers demand for well-located industrial properties. Goodman is in a strong position to benefit from these structural trends given:

- + The Group's portfolio is concentrated in key infill markets, where land is scarce. This has supported improved rental growth in most markets as customers compete for space
- + Competition for property close to consumers from different users, is providing opportunities for the Group to capitalise on more intensive land utilisation
- + AUM is expected to continue to increase as strong fundamentals drive new developments, occupancy, rents, cap rates and ultimately valuations.

Our portfolio, balance sheet and business operations are designed to benefit from the long-term growth expected from this environment, while being resilient to future structural changes. The Group is in a strong position for FY18 and reaffirms its forecast FY2018 operating earnings per security of 46.5 cents, up 8% on FY2017.

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 long-term returns for investors.

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