

# GMG quarterly presentation

28 October 2014



# 2014+

## A positive year



### Goodman Group

**\$27.7bn**  
assets under management

**\$2.7bn**  
development work in progress

**96%**  
occupancy

**1,000+**  
dedicated people



# Contents

---

- + Section 1      Quarterly operational highlights
- + Section 2      Global development business
- + Section 3      Brazil platform
- + Appendices    - Leasing  
                     - Development  
                     - Funds management  
                     - Urban renewal

# Important notice and disclaimer

---

- + This document has been prepared by Goodman Group (Goodman Limited (ABN 69 000 123 071), Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839) and Goodman Logistics (HK) Limited (Company Number 1700359; ARBN 155911142 – A Hong Kong company with limited liability)). This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with Goodman Group's other announcements released to ASX (available at [www.asx.com.au](http://www.asx.com.au)). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate.
- + This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Neither the Group, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking-statements in this document will actually occur.
- + This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to the issue, purchase, or sale of any stapled securities or other financial products in the Group.
- + This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (Securities Act) (US Person)). Securities may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration. The stapled securities of Goodman Group have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States.





# Section 1+

Quarterly operational highlights





# Quarterly operational highlights

---

- + Globally, demand and pricing of industrial real estate is increasing as a result of capital flows and limited supply. Goodman is benefiting from this by:
  - Executing on asset recycling program, divesting \$322 million of investment properties during the quarter (excluding urban renewal sites)
  - A further \$1.3 billion under offer and in due diligence (excluding urban renewal sites)
  - Upward revaluations for the six months to December 2014 to be generated by global cap rate compression, rental growth in the Asia Pacific region and contributions from urban renewal sites
  - Capital partners continue to support the development workbook with 86% of all developments pre-sold to funds or third parties
- + Strong leasing demand in the quarter indicating that demand and supply of new product remains in balance
  - Including developments, the Group leased 1.1 million sqm of space representing \$121 million in annual rental income across the Group and managed funds
  - Development WIP increased to \$2.7 billion across 69 projects with a forecast yield on cost of 8.6%
  - Strong leasing success increased pre-committed developments to 61% at the quarter end from 53% at June 14
- + Urban renewal progressing in line with strategy, positive planning outcomes achieved
- + Global platform with a fully integrated business model remains a key point of differentiation and the basis of sustainable long term growth
- + Reaffirm forecast FY2015 full year operating earnings per security of 36.9 cents up 6% on FY2014

# Snapshot<sup>1</sup>



1. All numbers quoted in AUD

2. % increases based on 30 June 2014 reported numbers

# Quarterly operational highlights<sup>1</sup>

<p><b>Own</b></p>	<ul style="list-style-type: none"> <li>+ Occupancy maintained at 96% across all markets</li> <li>+ Retention at 77% and WALE of 4.8 years</li> <li>+ 0.8 million sqm leased year to date, representing \$91 million in annual rental income across the Group and managed funds</li> <li>+ Positive reversions of 3.8% on new leasing deals</li> </ul>
<p><b>Develop</b></p>	<ul style="list-style-type: none"> <li>+ Current WIP at \$2.7 billion across 69 projects with a forecast yield on cost of 8.6%</li> <li>+ Development commitments of \$0.5 billion with 92% pre-committed and 76% pre-sold to funds or third parties</li> <li>+ Development completions of \$0.4 billion with 92% pre-committed and 100% pre-sold to funds or third parties</li> <li>+ Disciplined risk management practices applied to development activities, low gearing, capital recycling and constant monitoring of supply and demand</li> </ul>
<p><b>Manage</b></p>	<ul style="list-style-type: none"> <li>+ External assets under management (AUM) increased to \$23.2 billion</li> <li>+ Strong support from equity and debt capital partners – \$0.9 billion of new third party equity raised year to date</li> <li>+ Given global asset pricing across all our markets, the following strategies are being adopted:             <ul style="list-style-type: none"> <li>- development led approach to accessing investment properties</li> <li>- asset recycling for reinvestment into higher growth opportunities</li> <li>- improved net property income prospects by focusing on A grade locations in land constrained markets</li> </ul> </li> </ul>
<p><b>Corporate</b></p>	<ul style="list-style-type: none"> <li>+ Completed \$1.3 billion in new banking facilities</li> <li>+ GELF's credit rating upgraded to Baa2 by Moody's</li> <li>+ Focused and diligent approach to cost control in a low growth global economy</li> <li>+ Outlook remains on track to deliver 6% operating EPS growth targets</li> </ul>

1. For the three months ended 30 September 2014



# Quarterly leasing highlights



Park West Industrial Estate, Melbourne, Australia

Transaction type	Leasing
Lettable area	13,161 sqm
Contracted owner	GTA
Description	<ul style="list-style-type: none"> <li>+ Multi tenanted estate in Melbourne's west adjacent to the Western ring road</li> <li>+ 3 year lease renewal</li> <li>+ Annual rent of \$1.0 million</li> </ul>
Customer	Mattel Pty Ltd



Goodman Kangqiao Distribution Centre, Shanghai, China

Transaction type	Leasing
Lettable area	54,652 sqm
Contracted owner	GCLH
Description	<ul style="list-style-type: none"> <li>+ First Goodman development in China, completed in 2007 for DHL</li> <li>+ Located in Shanghai's strategic Kangqiao Industrial Zone</li> <li>+ 5 year lease renewal</li> <li>+ Annual rental of A\$5.4 million</li> </ul>
Customer	DHL



Citadel, Wolverhampton, UK

Transaction type	Leasing
Lettable area	30,000 sqm
Contracted owner	GMG
Description	<ul style="list-style-type: none"> <li>+ West Midlands logistics facility close to junction 10 of the M6 motorway</li> <li>+ New 15 year lease</li> <li>+ Annual rental of A\$2.5 million</li> </ul>
Customer	Wiggle.com

Strength  
in numbers+



**Section 2+**  
Global  
development  
business



# Quarterly development highlights

- + Customer demand for quality warehouse facilities continues to be observed – supply and demand remains in balance
- + Primarily demand driven by e-commerce operators, third party logistic operators and parcel and express companies
- + The Americas are now contributing 17% of the global development workbook
- + Key focus has been on leasing through close monitoring of markets and customer relationship management to support the level of un-committed development introduced into the development workbook
  - Some of the projects which have achieved leasing success in the quarter are detailed in the following slides

Region	Projects	Markets	Pre-committed	Forecast completion date	GLA sqm
Australia	18	Sydney / Melbourne / Brisbane	67%	Oct 14 – Jun 15	261,000
New Zealand	13	Auckland / Christchurch	90%	Oct 14 – Mar 16	127,000
China	15	Chongqing, Chengdu, Tianjin, Beijing, Shanghai, Hefei, Nanjing, Shengyang	30%	Oct 14 – Dec15	771,000
Japan	3	Tokyo / Nagoya	63%	Oct 14 – Jun15	175,000
United Kingdom	2	Hinckley / Gloucester	100%	Feb 15 – Dec 15	20,000
Europe	14	Bedburg, Hamburg, Berlin, Leipzig, Poznan, Krakow, Katowice, Paris, Bratislava	90%	Oct 14 – Sep 15	526,000
North America	1	LA Inland Empire	-	Mar 15 – Jun 15	148,000
Brazil	3	Rio de Janeiro / São Paulo	76%	Jul 15 – Sep 15	279,000
<b>69</b>					<b>2,307,000</b>



# Global development business



Lytton Industrial Estate, Brisbane, QLD

Lettable area	40,920 sqm
Contracted owner	GAIF
Location	Lytton, Brisbane, Queensland
Customers	Third party logistic operators
Term	5 and 10 year lease
Description	<ul style="list-style-type: none"> <li>+ Development started on speculative basis</li> <li>+ 100% committed more than 8 months prior to PC</li> <li>+ Prime Port location with links to Port of Brisbane and Gateway Motorway</li> <li>+ Adjacent to the 52,000 sqm Kmart facility completed in 2012</li> </ul>



Central Park Corporate Centre, Auckland, New Zealand

Lettable area	42,821 sqm
Contracted owner	GMT
Location	Greenlane, Auckland
Customers	Youi Insurance, Armouguard Security, Avis Rent-a-Car, Genesis Energy
Term	4.5 year lease (WALE for entire site)
Description	<ul style="list-style-type: none"> <li>+ 9 year lease to Youi insurance</li> <li>+ Latest development in this 43,000 sqm business park</li> <li>+ New 5,900 sqm speculative office under construction to meet demand</li> <li>+ Annual rent of NZ\$1.9 million</li> <li>+ 80% leased to Youi ahead of completion</li> </ul>



Goodman Citylink, Langfang, China

Lettable area	129,000 sqm
Contracted owner	GCLH
Location	Langfang, China
Customers	<ul style="list-style-type: none"> <li>+ BMW Brilliance Automotive</li> <li>+ Decathlon</li> </ul>
Term	Up to 10 years
Description	<ul style="list-style-type: none"> <li>+ Three phase development completed between Jan 14 and Dec 14</li> <li>+ Adjacent to Beijing's east 6<sup>th</sup> ring road</li> <li>+ 25km to Beijing Capital International Airport</li> </ul>

# Global development business



Goodman Mizue, Tokyo, Japan

Land area	29,810 sqm
Lettable area	58,932 sqm
Contracted owner	GJDP
Location	Kawasaki City, Kanagawa Prefecture
Customer	Global furniture retailer
Term	10 year lease
Description	<ul style="list-style-type: none"> <li>+ 30 mins from central Tokyo</li> <li>+ 4 level warehouse distribution facility</li> <li>+ Target practical completion date end of 2014</li> <li>+ 100% pre-committed prior to completion</li> </ul>



Geopost, Hinckley, United Kingdom

Land area	8 acres
Lettable area	164,500 sqft
Contracted owner	GMG
Location	East Midlands, UK
Customers	Geopost
Term	20 year lease
Description	<ul style="list-style-type: none"> <li>+ Latest development on this 44 acre logistics site</li> <li>+ 164,500 sqft speculative warehouse scheme</li> <li>+ 100% leased to Geopost prior to completion</li> <li>+ Geopost owner occupier of adjoining development completed in August 2014</li> </ul>



Oakland, San Francisco , USA

Land area	19 acres
Lettable area	374,725 sqft
Contracted owner	GNAP
Location	Oakland, San Francisco
Customers	<ul style="list-style-type: none"> <li>+ Benjamin Moore Paints</li> <li>+ Owens Corning</li> </ul>
Term	10 year lease to Benjamin Moore
Description	<ul style="list-style-type: none"> <li>+ License agreement to Owens Corning for remaining space</li> <li>+ Space being marketed for long term customer</li> <li>+ Prime infill site located in the Oakland Airport Business Centre</li> </ul>

# Urban renewal highlights

---

- + Continued strategy of ensuring returns are optimised for individual properties
- + Higher and better use continues to be a key value add driver achieved through planning outcomes and subsequent sale
  - Positive outcomes on a number of Southern, Northern and Inner Western Sydney sites have recently been achieved
- + Australian urban renewal pipeline maintained at 35,000 apartments but likely to grow in time – refer appendix 4
  - Planning agencies recognise the need for urbanisation and are leading the process
  - Focus on traditional industrial infill sites
- + Demand for zoned residential sites continues to be strong from both local and foreign developers, particularly in the Sydney market
- + In excess of \$500 million of urban renewal sites on the market, under due diligence or conditionally transacted in Australia and the UK
- + Cash realisation over a number of years to finance growth in developments whilst maintaining lower gearing
- + Recent planning changes and comparable sales resulting in revaluations which will be included in the Half Year statutory results
  - Independent valuations to be undertaken on a number of sites to reflect current saleable values, estimated uplift to be between \$150 - \$170 million in the Half Year results and likely to be an ongoing feature in future periods
- + In accordance with Goodman policy, any revaluations and / or extraordinary realised gains from sale are excluded from operating profit
  - Will positively impact NTA



Section 3+  
Brazil platform



# Brazil platform

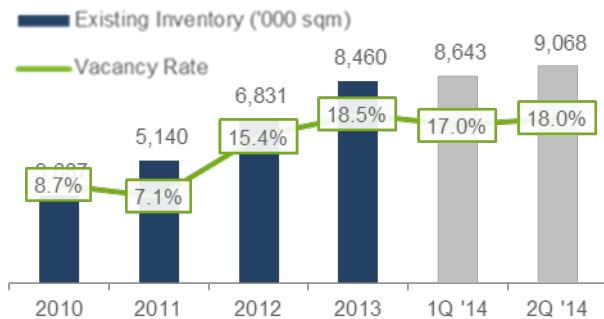
---

- + Goodman Group entered the Brazilian market in November 2012 through a joint venture with WTorre
- + The platform combines Goodman's global expertise and access to capital and WTorre's local market knowledge and experience
  - Joint venture established through the contribution of four land sites by WTorre and Goodman funding infrastructure and building works to the same value
  - Vertically integrated business exclusively covering all aspects of development, fund, asset and property management
- + Since launch, WT Goodman has:
  - Secured five sites with total GLA potential of 876,000 sqm
  - Completed phase I and II at International Business Park, Rio de Janeiro and secured a 73,767 sqm pre-commitment for the balance
  - Secured two build to suit opportunities in Campo Grande, Rio de Janeiro and Betim, Minas Gerais totalling 213,000 sqm
  - Commenced a 58,000 sqm speculative development in Itupeva, São Paulo
- + Strategy to focus on:
  - Speculative logistics development of brand new logistics facilities in key São Paulo and Rio de Janeiro markets
  - Selective development of build to suit opportunities for major global customers
  - Targeted acquisition of well located stabilised properties or value add opportunities

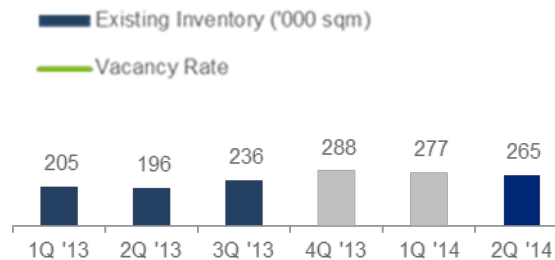
# Brazil industrial market snapshot

<b>Summary</b>	<ul style="list-style-type: none"> <li>+ GDP growth projection for 2014 is approximately 0.3% per annum</li> <li>+ Investment volumes are increasing due to the arrival of new international investors</li> </ul>
<b>Supply</b>	<ul style="list-style-type: none"> <li>+ In 2013, Class A logistic facilities reached 9 million sqm of inventory, an increase of 23% on 2012</li> <li>+ Until Q2 CY14, there was a 7.2% increase in inventory compared to 2013</li> <li>+ Vacancy levels increasing as a result of a slowing economy</li> </ul>
<b>Demand</b>	<ul style="list-style-type: none"> <li>+ Until Q2 CY14, net absorption reached 542,000 sqm, an increase of 30% compared to the same period in 2013</li> <li>+ The southeast region represents 80% of 2013 net absorption</li> </ul>
<b>Rents</b>	<ul style="list-style-type: none"> <li>+ Overall market rental decreased by (3%) per annum in 2014 compared to 2013, ranging from R\$18.5 sqm to R\$18 sqm</li> </ul>

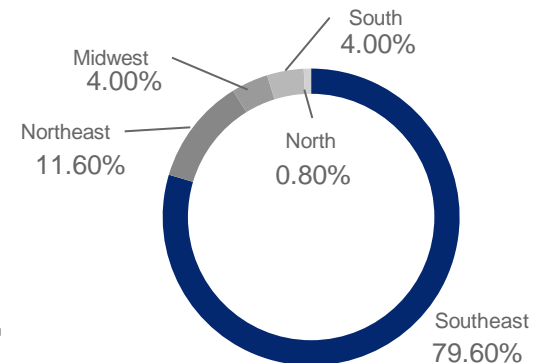
**Existing Inventory and Vacancy Rate**



**Net Absorption ('000 sqm)**



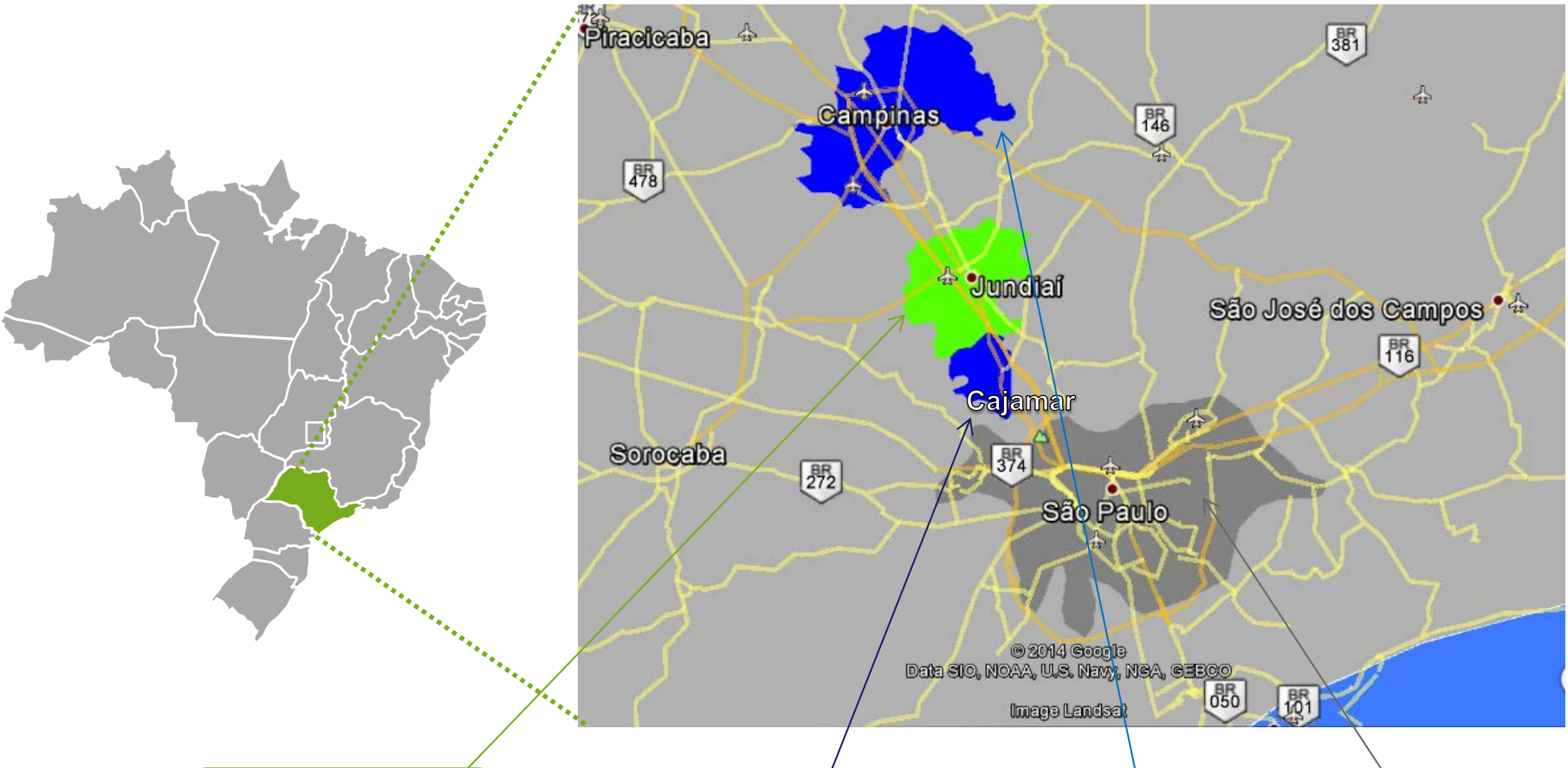
**Absorption Distribution per region (2013)**





# Market Overview

## Target Markets – Sao Paulo State



**Jundiaí**  
Itupeva  
Jundiaí  
Louveira

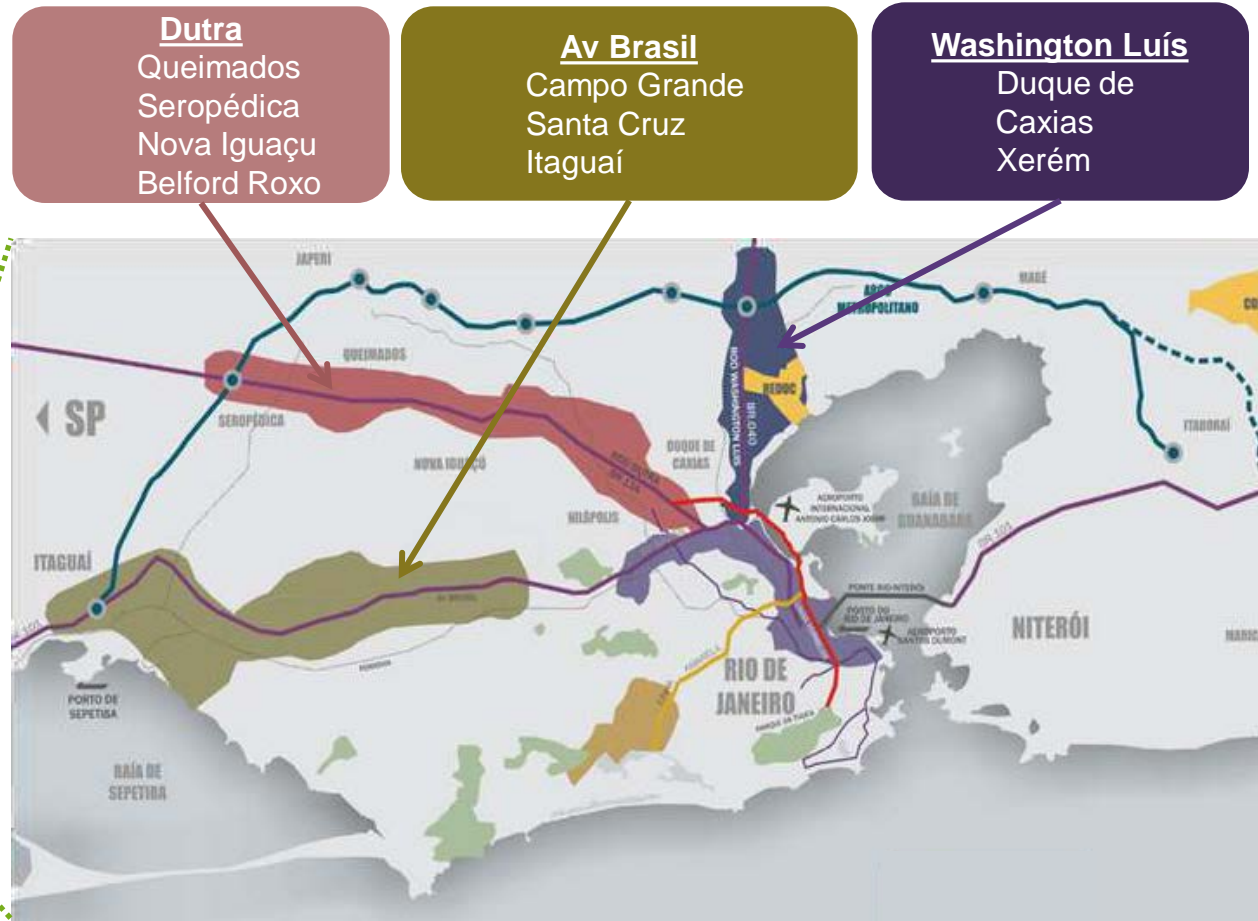
**Cajamar**  
Cajamar

**Campinas**  
Campinas  
Hortolândia  
Vinhedo

**São Paulo metro**  
Industrial infill  
locations

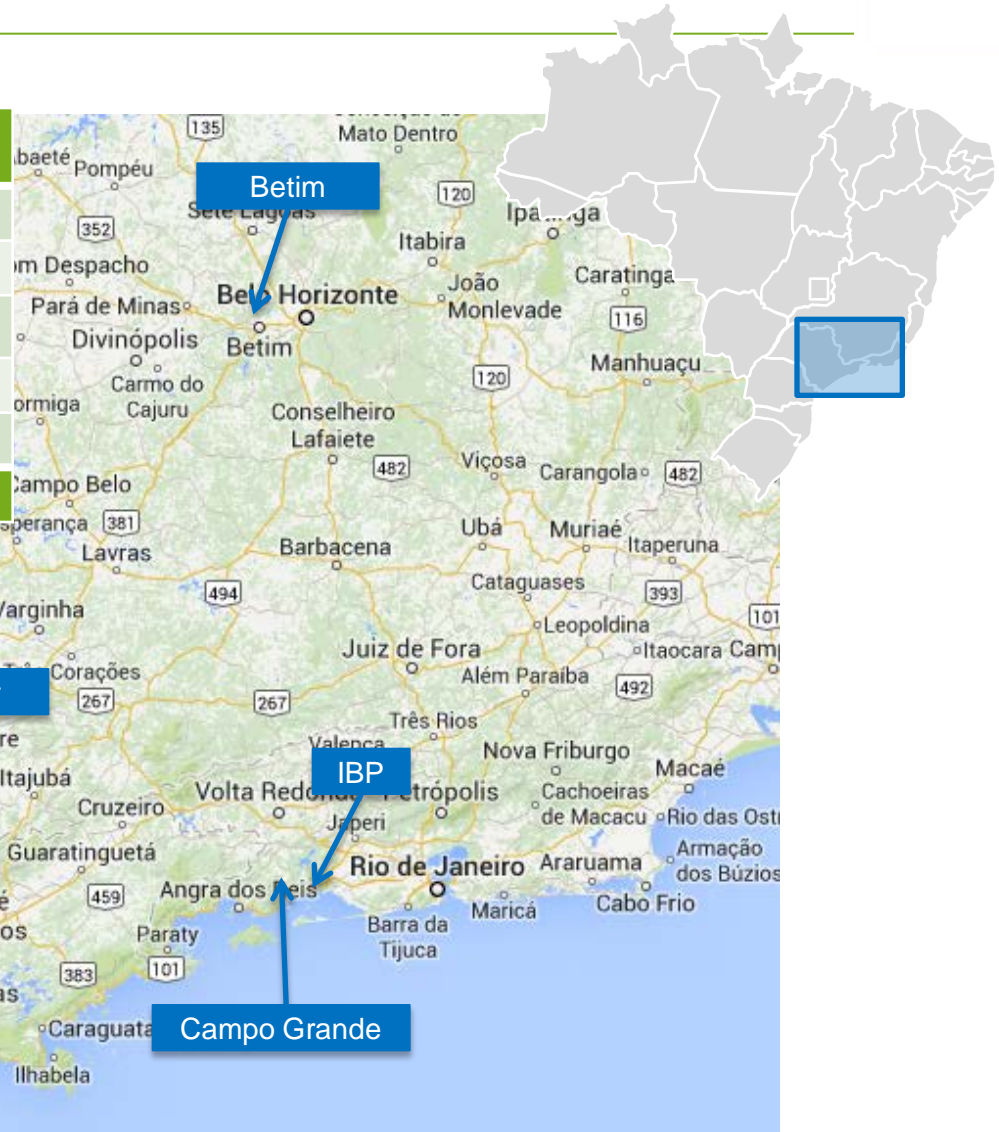
# Market Overview

## Target Markets – Rio de Janeiro State



# Development Pipeline

Development site	Deliverable GLA sqm	WIP GLA sqm
IBP – Rio de Janeiro	131,000	74,000
Itupeva – São Paulo	270,000	58,000
Campo Grande – Rio de Janeiro	280,000	155,000
Cajamar	132,000	-
Betim – Minas Gerais	63,000	-
<b>Total</b>	<b>876,000</b>	<b>287,000</b>







# WTGoodman Itupeva



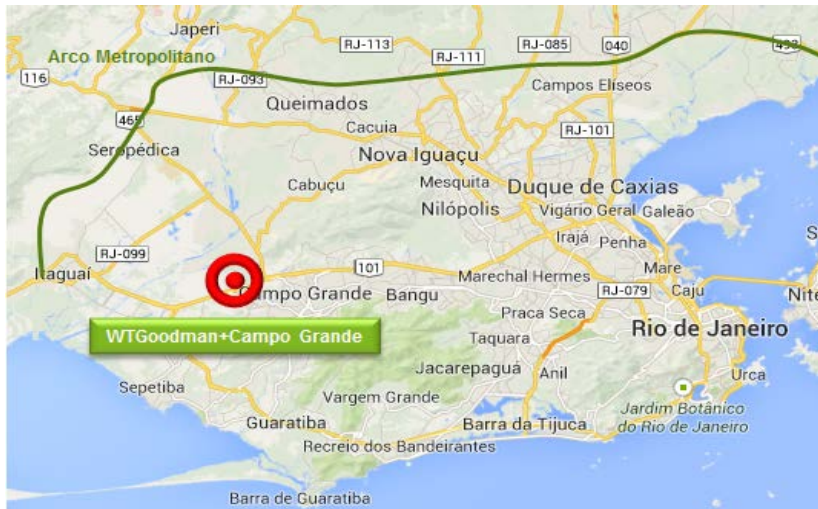
## Phase II





# WTGoodman Campo Grande

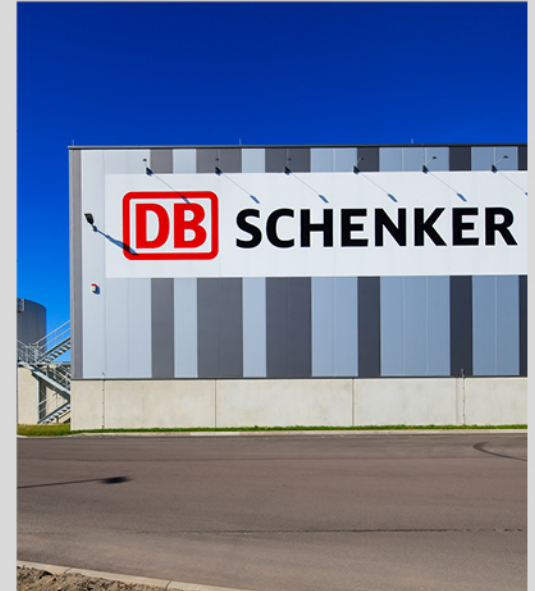
## Campo Grande – Rio de Janeiro – Phases I and II



Site Area	291,000 sqm
Phase I and II	145,392 sqm (Exp. Delivery: 2015)
Description	<ul style="list-style-type: none"> <li>+ Via Varejo is one of the largest consumer goods retailers in Brazil. Currently the company is controlled by Groupe Casino, and has annual revenues of approximately R\$10 bn</li> <li>+ WTGoodman has signed a BTS lease agreement with Via Varejo, on a 15-year term, for Phases I and II.</li> <li>+ Earth movement has started</li> <li>+ Construction is expected to be concluded in 11 months</li> <li>+ References and Distances:             <ul style="list-style-type: none"> <li>- Av Brasil: 0.4km</li> <li>- Rio Santos Hgway: 5km</li> <li>- Dutra Highway: 29km</li> <li>- Galeao Airport: 48km</li> </ul> </li> </ul>

# Appendix 1+

## Leasing



# Leasing<sup>1</sup>



Across the Group and Funds platform:

- + Positive lease reversions of 3.8% on new leasing deals
- + Occupancy maintained at 96% with weighted average lease expiry of 4.8 years

Region	Leasing area (sqm)	Net annual rent (A\$M)	Average lease term (years)
Australia	288,836	42.9	4.3
New Zealand	52,201	4.9	6.5
Hong Kong	55,653	11.7	3.1
China	76,676	7.7	4.5
UK	83,852	7.1	5.0
Europe	249,543	16.6	3.4
<b>Total</b>	<b>806,761</b>	<b>90.9</b>	<b>4.1</b>

1. Leasing for investment properties only and excludes developments



# Appendix 2+

## Development





# Developments

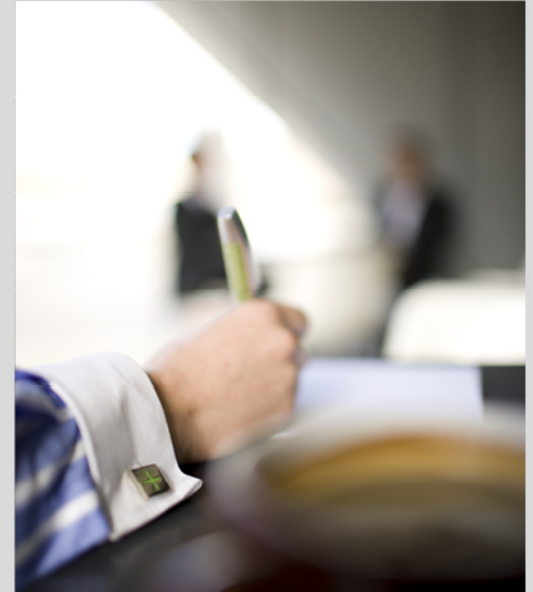


Q1 FY15 Developments	Completions	Commitments	Work in progress
Value (\$M)	434	490	2,678
Area (m sqm)	0.4	0.4	2.3
Yield (%)	8.2	10.5	8.6
Pre-committed (%)	92	92	61
Weighted Average Lease Term (years)	9.6	8.8	9.6
Development for Third Parties or Funds (%)	100	76	86
Australia / New Zealand (%) of WIP	33	28	26
Asia (%) of WIP	9	-	39
Americas (%) of WIP	-	46	17
Europe (%) of WIP	58	26	18

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	135	547	682	80	75
Asia	82	961	1,043	92	44
Americas	-	461	461	100	49
Europe	149	343	492	70	91
<b>Total</b>	<b>366</b>	<b>2,312</b>	<b>2,678</b>	<b>86</b>	<b>61</b>

# Appendix 3+

## Funds management

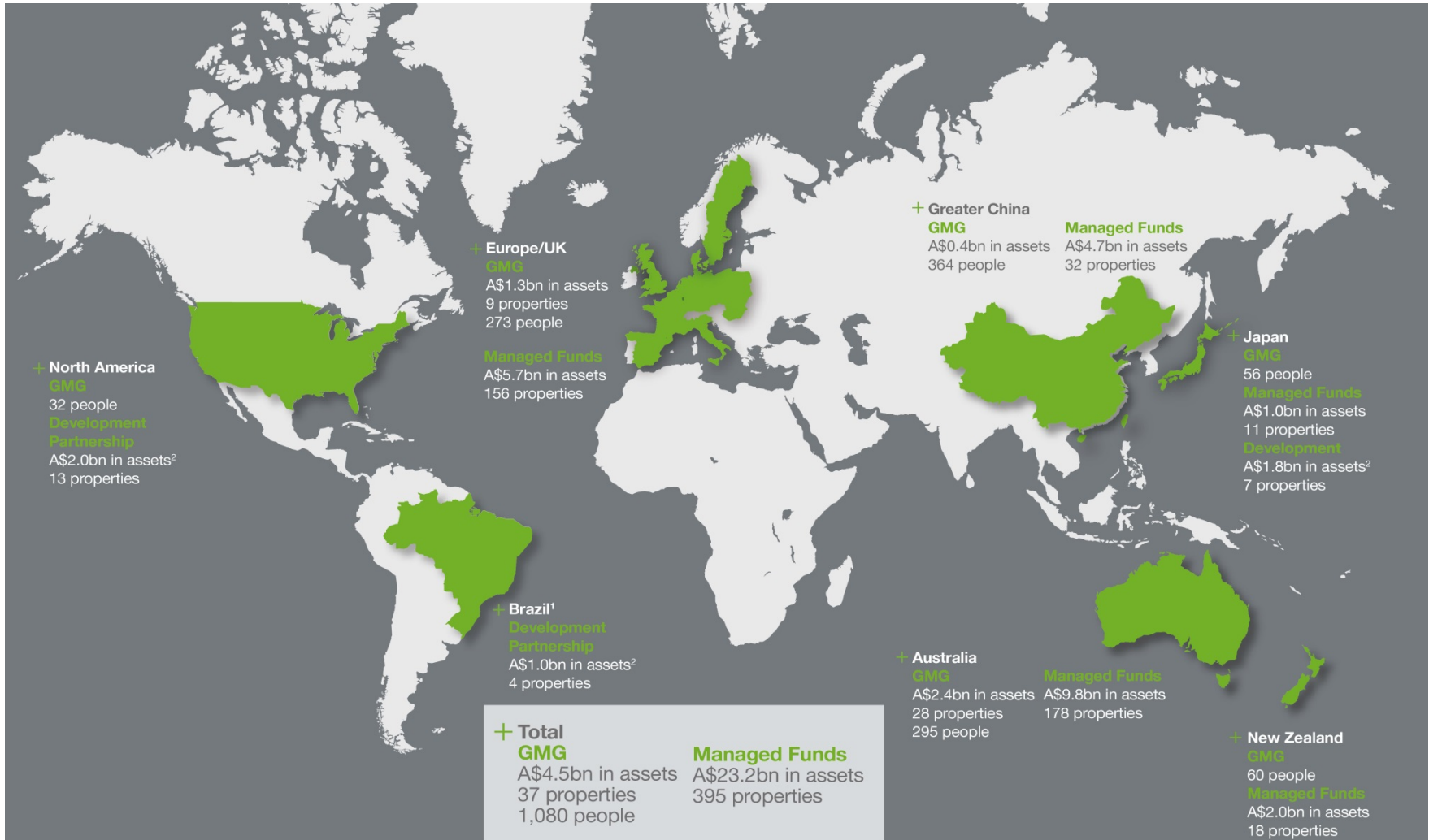


# Management platform

	GAIF	GTA	GELF	GKLF	GMT <sup>1</sup>	ABPP	EPF	GCLH	GJCF <sup>2</sup>
									
<b>Total assets</b>	\$5.7bn	\$3.4bn	\$3.3bn	\$3.2bn	\$2.0bn	\$1.4bn	\$1.1bn	\$1.3bn	\$1.0bn
<b>GMG co-investment</b>	27.5%	19.9%	20.4%	20%	17.6% <sup>3</sup>	43.1%	37.9%	20%	23.0%
<b>GMG co-investment</b>	\$1.0bn	\$0.4bn	\$0.4bn	\$0.5bn	\$0.2bn <sup>3</sup>	\$0.4bn	\$0.2bn	\$0.2bn	\$0.1bn
<b>Number of properties</b>	114	58	103	14	18 <sup>3</sup>	18	18	18	11
<b>Occupancy</b>	95%	96%	97%	99%	97%	90%	100%	97%	100%
<b>Weighted average lease expiry<sup>4</sup></b>	5.8 years	4.3 years	4.9 years	2.8 years	5.5 years	5.0 years	7.2 years	3.5 years	3.3 years

1. As at 31 March 2014 (as disclosed to the New Zealand stock exchange on 14 May 2014)
2. As at 31 August 2014
3. As at 30 September 2014
4. WALE of leased portfolio to next break as at 30 September 2014

# Global platform



■ Current Goodman global presence

As at 30 September 2014 (Australian currency).  
 1. Brazil launched 8 November 2012, with 50/50 joint venture between Goodman and WTorre.  
 2. Estimated end value.



# Appendix 4+

## Urban renewal



# Australian urban renewal pipeline

Entity	State	Suburb	Site Area (ha)	Potential GFA (sqm)	Approx # of apartments <sup>1</sup>
<b>Zoned residential sites</b>					
GMG	NSW	Erskineville	6.9	156,200	1,763
Fund	NSW	Epping	1.3	65,000	770
<b>Projects actively undergoing planning approval and consultation</b>					
GMG	NSW	Homebush	27.0	540,000	4,025
GMG	NSW	Alexandria	2.1	52,500	622
GMG/ Fund	VIC	Port Melbourne	28.9	705,600	9,917
Fund	NSW	Macquarie Park	1.9	64,900	770
<b>Projects with medium term planning development outcomes</b>					
Fund	NSW	Roseberry	4.0	69,600	825
GMG	VIC	Clayton	31.0	532,500	6,870
Fund	NSW	Macquarie Park	1.1	31,800	376
<b>Projects with longer term planning outcomes</b>					
GMG / Fund	NSW	Various	35.8	762,500	8,988
			<b>140.0</b>	<b>2,980,600</b>	<b>34,926</b>

1. Based on current complying planning guidelines



Thank+you

