



28 May 2014

The Manager
Company Notices Section
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

Goodman Group (Goodman) – Dispatch of investor newsletter to Securityholders

Attached is the Goodman investor newsletter to be dispatched to Securityholders today and available on the website at www.goodman.com.

Please contact the undersigned in relation to any queries.

Yours sincerely

A handwritten signature in black ink that reads "Carl Bicego".

Carl Bicego
Company Secretary

Goodman Group

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Welcome to our latest newsletter!

We are pleased to provide you with an update on recent initiatives and activities undertaken by Goodman, including an overview of our operational highlights for the third quarter of the 2014 financial year. This covers the leasing success Goodman has achieved and the substantial development momentum in our operating markets around the world.

We take a closer look at Goodman's global operating platform and why this is a key driver of growth for our business, and showcase the recently completed landmark Goodman Sakai development in Japan. This edition also highlights the innovative outdoor branding campaign undertaken by Goodman to continue building the visibility of its brand globally, as well as some of the community activities that our Goodman people are participating in.



Please also take a look at the online version of investor insight+ and explore its interactive features.



Page 6



Page 11

Contents



- 02 Operational update
- 06 Property development
- 10 Global outdoor branding campaign
- 11 In the community
- 12 Securityholder information

Global platform driving operational performance

“The significant activity across Goodman’s business globally and the competitive advantage provided by our geographically diversified operating platform, combined with the strength of global capital markets, ensures the outlook for the Group remains positive and in line with expectations.”

Greg Goodman
Group CEO

Operational update

Goodman experienced robust underlying operational performance in the March quarter across all parts of our business, benefitting from the size, scale and diversity of our global operating platform (see box on page 5). We are well positioned in the current operating environment, which continues to be marked by a limited supply of quality industrial space, barriers to entry, significantly increasing asset prices and a surplus of available capital.

This is providing Goodman with a competitive advantage, given our global development business and proven ability to access third party capital, enabling us to create our own high quality product, by selectively undertaking development opportunities in key logistics markets around the world.

The Group’s total assets under management have grown to \$26.4 billion at 31 March 2014, up from \$23 billion at 30 June 2013, mainly reflecting a number of development completions during the quarter.

Our development activities continue to grow strongly, driven by a number of structural changes taking place across our sector, including the rapid growth in e-commerce, together with an undersupply of modern, high quality logistics space. This has seen Goodman’s current development work in progress increase to \$2.7 billion, across 65 projects in 10 countries and ensures we remain one of the world’s largest developers of industrial property. Pages 8 and 9 of this newsletter provide more detail on some of the new development projects we are undertaking across our operating markets globally.

In the nine months to 31 March 2014, Goodman has raised \$2.0 billion of new third party equity, reflecting both the high investor demand for industrial property and Goodman’s continued hard work to build on its extensive capital partner relationships. This has ensured that our managed funds have the financial capability to participate in a range of development and investment opportunities around the world.

\$26.4bn

total assets under management



West Industry Park, Melbourne, VIC



Goodman Lujia Logistics Centre, Kunshan, China



In the nine months to 31 March 2014, Goodman has raised \$2.0 billion of new third party equity, reflecting both the high investor demand for industrial property and Goodman's continued hard work to build on its extensive capital partner relationships.

Strengthening asset prices and capital flows are creating attractive conditions in most of Goodman's markets to selectively sell assets in line with our active asset management approach, and to recycle capital into development opportunities to drive returns for investors. In the financial year to date, we have transacted, or have under offer, over \$1.3 billion of assets, mainly in Australia and the United Kingdom, with over \$1 billion expected to be undertaken next financial year.

Goodman is progressing well with its development-led strategy in North America. We have undertaken comprehensive land procurement and planning phases, which have focused on securing prime land sites in the key logistics locations of California, New Jersey and Philadelphia.



Goodman Logistics Center Oakland, California, USA

As a result, Goodman has built a \$1.5 billion (US\$1.4 billion) development pipeline, which ensures we are well positioned at a time when investment demand drivers, such as industrial production and retail sales are recovering. Reflecting this, we have recently commenced the construction of a \$156 million (US\$150 million) facility in the Inland Empire market of Southern California and expect to further grow our development workbook over the next 12 months.

Separately, in April we completed our first US development, a 34,800 sqm facility at Oakland, California. Lease negotiations for this property are proceeding with customers, which is in line with our timing and expectations.

The increased focus on urban renewal in Australia is providing Goodman with significant higher and better use opportunities across a number of properties in its Sydney and Melbourne portfolios. We are progressing our urban renewal strategy, with the objective of maximising the value of all of the identified properties, which are capable of providing in excess of 30,000 residential apartments from these identified properties. Goodman currently has six projects that are actively undergoing consultation and planning approval for over 15,000 apartments.

Goodman has achieved strong leasing results in the nine months to 31 March 2014, with our Property Services teams successfully securing new leases and renewals for over 2.1 million sqm of industrial and business space across our global platform, equating to \$249 million of annual rental income. The result highlights the solid momentum in the underlying property fundamentals, combined with the quality of Goodman's product and service offering, and the strength of our customer relationships. This has enabled us to maintain high occupancy and retention levels of 96% and 73% respectively across our portfolios, with a weighted average lease expiry of 4.9 years.

2,115,184 sqm

of industrial and business space leased

Leasing activity

+ Europe

Leasing area: 619,327 sqm
Net annual rent: \$52.4m

+ Asia

Leasing area: 541,779 sqm
Net annual rent: \$73.3m

+ Total leasing activity Group and Managed Funds

Leasing area: 2,115,184 sqm
Net annual rent: \$248.9m

+ Australia & New Zealand

Leasing area: 954,078 sqm
Net annual rent: \$123.2m

For the nine months to 31 March 2014.

Successfully exporting our capability and expertise globally

Goodman is an Australian listed, leading industrial property group and fund manager that is successfully exporting its sector specialist expertise and proven capability around the world. We are in a strong competitive position, having built one of the most geographically diversified and largest operating platforms globally, with a reputation for delivering a quality product and service offering for our customers and investors.

Key international highlights include:

- + 56% of assets under management are held in Goodman's key international markets
- + 77% of development work in progress is in those key markets
- + 90% of private equity is provided by international capital partners
- + 75% of our people are located in Goodman's international markets, across 28 offices
- + International markets contribute in excess of 50% of operating EBIT



Landmark Japan development opens



Goodman Sakai, Japan

“Goodman Sakai is a truly unique property of a standard and quality that we have not seen before in Japan, that we, our employees and our customers will enjoy and be proud to occupy for many years to come.”

Yasuaki Nii
Director, Officer, Nippon Express Co.

Property development

In April, Goodman Japan hosted a launch event to mark the opening of its landmark Goodman Sakai development at Osaka Bay. The event, attended by more than 122 guests, including the Mayor of Sakai City, Consul General of Australia, customers and Goodman staff, was held at the US\$275 million multi-customer warehouse and distribution facility.

Goodman’s Group CEO, Greg Goodman noted that the new building “sets the benchmark for sophisticated, employee friendly and environmentally sustainable design in the Japanese logistics market. Goodman Sakai presented an opportunity to incorporate the best features from our portfolio of properties around the world to deliver this modern, high quality facility.”

Demonstrating this, Goodman Sakai is the first logistics facility in Western Japan to obtain LEED Gold (Leadership in Energy & Environmental Design) pre-certification. The facility provides 130,000 sqm of high specification logistics space over four levels and significantly, was 100% pre-leased to a number of leading Japanese third party logistics providers, including Nippon Express Co. Limited, five months prior to completion.

Commenting on their new space, Yasuaki Nii, Director, Officer, Nippon Express Co. Limited, said: “Goodman Sakai is a truly unique property of a standard and quality that we have not seen before in Japan, that we, our employees and our customers will enjoy and be proud to occupy for many years to come.”



Goodman Sakai launch event

Above image, from left to right:
Mr Hideki Nishitani – Associate Director, General Manager, Kansai Area Sales Promotion Division, Nippon Express Co.
Mr Harusada Kondo – President Nishimatsu Construction Co.
Mr Greg Goodman – Group CEO, Goodman
Mr Osami Takeyama – Mayor, Sakai City



\$2.7bn

development work in progress



Artist's impression, DHL Global Forwarding, Paris-Charles de Gaulle Airport, France



Artist's impression, Hammer Group, Bedburg, Germany

Goodman's development workbook has increased to \$2.7 billion, with active developments underway in all of our operating markets globally.

Development activity remains strong, with \$1.5 billion of development commitments secured in the financial year to date, with around 85% in our international markets.

Recently announced developments, some of which commenced after 31 March 2014, include:

- + 19,500 sqm pre-committed warehouse facility for Silk Contract Logistics at Lytton Motorway Estate in Brisbane, to facilitate the logistics solutions provider's expansion in the Queensland market.
- + 12,500 sqm distribution centre at Redbank Motorway Estate, Brisbane for transport and logistics provider, Northline to improve the customer's business efficiencies and service offering, and enhance its national distribution network.
- + 18,280 sqm (total combined space) across two industrial facilities being developed for New Zealand's leading supplier of steel products and services, Steel & Tube at Savill Link and Highbrook Business Park in Auckland.
- + 10,150 sqm warehouse on behalf of Ford at Highbrook Business Park, Auckland, close to the car manufacturer's head office premises, which is also located at Highbrook.
- + 46,700 sqm regional packaging and distribution centre for express delivery company, Yunda Express at Chongqing in Western China. The facility is being developed in two phases and will include two warehouses, with additional office, canteen and dormitory facilities.
- + 22,000 sqm regional integrated logistics centre also in Chongqing, Western China for Best Logistics Technology, one of China's largest providers of integrated logistics and supply chain management services.
- + 16,000 sqm warehouse and office facility for DHL Global Forwarding at Paris-Charles de Gaulle Airport, France, enabling the customer to relocate all of its air freight activities based at the airport to the new facility.
- + 103,000 sqm logistics centre in Bedburg, near Cologne, Germany on behalf of logistics service provider, Hammer Group. The facility, which is being built on a re-developed site formerly used for open-cast mining, will be delivered to Hammer Group in two phases.
- + 73,872 sqm food storage and distribution facility, and 8,513 sqm head office building near Poznan in Poland for Mousquetaires Group, the country's largest franchising chain of grocery and "DIY" supermarkets.
- + 147,600 sqm (total combined space) across two cross-dock facilities at Rancho Cucamonga, in the Inland Empire West market of Southern California, USA.



Artist's impression, Northline, Redbank Motorway Estate, Brisbane, QLD



Artist's impression, Steel & Tube, Highbrook Business Park, Auckland, New Zealand



Artist's impression, Goodman Logistics Center Rancho Cucamonga, California, USA

Thinking outside the square

Global outdoor branding campaign

Goodman recently completed its global outdoor branding campaign, which involved the installation of six large architectural branding structures across five different countries. The campaign objective was to enhance awareness and recognition of the Goodman brand in each market, through the use of large scale outdoor and environmental branding on our properties, with the structures chosen to represent the Goodman brand identity of “thinking outside the square”.

Rather than using traditional outdoor branding such as billboards, each Goodman region chose an architectural branding device to best suit the property and location. Designed to be a talking point and create a sense of entry, the branding options included kinetic grass poles, large pluses and square anamorphic gateway entrances. All of the structures have day and night applications so the branding effect continues in the evening. The branding structures have achieved their objectives, proving to be a big talking point already and capturing people’s attention at these sites.



Highbrook Business Park, Auckland, New Zealand



Goodman Pudong International Airport Logistics Park, Shanghai, China



Interchange Park, Eastern Creek, Sydney, NSW

Supporting our communities

Our activities include:

- + **Volunteering with FareShare** – Staff in our Melbourne Office volunteered with FareShare at a cooking evening, preparing meals for people who have fallen on tough times. The meals are distributed through charities which operate food banks, soup vans, crisis care and other services.
- + **20/twenty Challenge** – The 20/twenty Challenge is a ‘triathlon like’ event along the spectacular harbour coastline of Sydney, with the goal of changing the lives of children with cerebral palsy. Goodman has entered teams in the event for the past two years, helping raise valuable funds for the Cerebral Palsy Alliance.
- + **Endure for a Cure** – Endure for a Cure is a new 12 hour team cycling event that raises funds for the Children’s Cancer Institute Australia to help improve the prognosis for kids with cancer. The Goodman team of six rode the 4.5 km Brabham Circuit at Eastern Creek in Sydney, completing as many kilometres as possible in 12 hours, testing not only physical endurance, but also mental stamina and team strategy.
- + **Kayak for Kids** – Two teams from the Sydney office took part in Lifestart’s Kayak for Kids, which is a unique paddling event over a 17.5 km course in Sydney Harbour. Lifestart provide early childhood intervention and school age services to children living with disability and their families across greater Sydney.
- + **Interlink Magic Mile** – Goodman held its third annual Interlink Magic Mile Charity Ramp Run at our flagship Hong Kong property. More than 300 competitors raced to complete the fastest time up Goodman Interlink’s 15-floor cargo ramp. Participants included Goodman staff, customers, business partners and their families, with a record amount of HK\$800,000 (US\$103,200) raised, which is more than the first two years combined. The funds raised will be donated to Benji’s Centre, a charity which provides professional speech therapy services to children and teenagers from low-income families in Hong Kong.
- + **NZ team take on 4-Legged Race** – Goodman New Zealand entered three teams into the Auntsfield 4-Legged Race, to raise money for Great Potentials, a South Auckland charitable trust focused on supporting at-risk teenagers. This unique event is made up of a “4-legged team” consisting of a horse rider, mountain biker, runner and kayaker traversing the hills, native bush, farmland, river and sea. Goodman came in third overall and was the fastest city team.



Interlink Magic Mile, Hong Kong



4-Legged Race, New Zealand

We have been busy through the ongoing work of the Goodman Foundation and the active participation of our staff around the world, providing support to a number of charities in the communities in which Goodman operates.

Securityholder information

Upcoming key dates

23 June 2014	Announcement of estimated full year distribution
26 June 2014	Ex-distribution date
30 June 2014	Record date for the full year distribution
14 August 2014	Announcement of full year results
26 August 2014	Distribution payment date
20 November 2014	Annual General Meeting

Note: Future dates may be subject to change.

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- provision of tax file numbers; or
- general queries about your securityholding.

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