29 September 2010

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

Dear Sir

GMP: Goodman Group (GMG) Announcement – Notice of Extraordinary General Meetings

We attach an announcement made by Goodman today in relation to a Notice of Extraordinary General Meetings.

Please contact the undersigned should you have any queries.

Yours faithfully

Carl Bicego
Company Secretary

Level 10, 60 Castlereagh Street, Sydney NSW 2000 | GPO Box 4703, Sydney NSW 2001 Australia
Tel +61 2 9230 7400 | Fax +61 2 9230 7444 | info-sydney@goodman.com | www.goodman.com

Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) in its capacity as responsible entity of the Goodman PLUS Trust (ARSN 128 290 808)

Goodman

29 September 2010

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

Dear Sir

Goodman Group (Goodman) – Notice of Extraordinary General Meetings

Please find attached a Notice of Extraordinary General Meetings of Goodman to be held on Friday, 29 October 2010 at 10:00am (Sydney time) at Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney, NSW.

Please contact the undersigned should you have any queries.

Yours faithfully

Carl Bicego
Company Secretary

enc

Level 10, 60 Castlereagh Street Sydney NSW 2000 | GPO Box 4703, Sydney NSW 2001 Australia
Tel +61 2 9230 7400 | Fax +61 2 9230 7444 | info-au@goodman.com | www.goodman.com

Goodman Limited ABN 69 000 123 071
Goodman Funds Management Limited ABN 48 067 796 641 AFSL Number 223621
as responsible entity for Goodman Industrial Trust ARSN 091 213 839

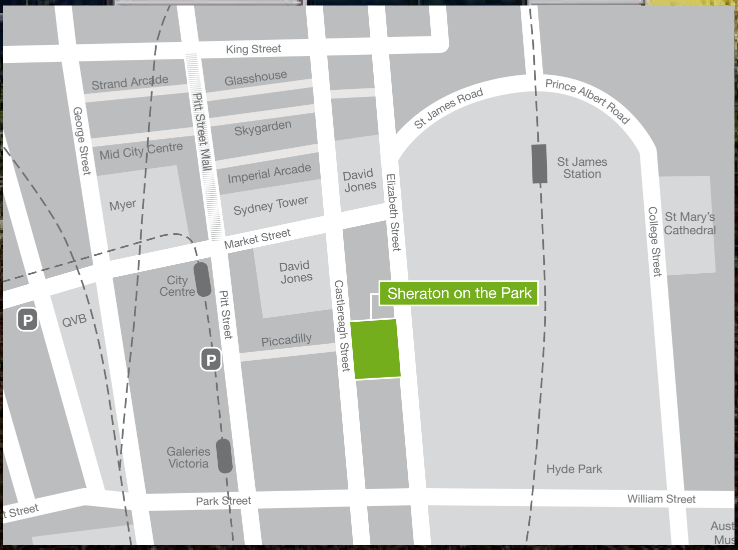
Notice
of Extraordinary General Meetings+

Proposed Acquisition of Moorabbin Airport and Business Park

Goodman

Explanatory Memorandum+
Independent Expert's Report+
Summary of Valuation Report

Date: Friday, 29 October 2010
Time: 10:00 am (Sydney time)
Place: Sheraton on the Park
Grand Ballroom
161 Elizabeth Street
Sydney, NSW



Goodman Group comprising of:
Goodman Limited (ABN 69 000 123 071) and
Goodman Funds Management Limited (ABN 48 067 796 641, AFSL Number 223621) as the Responsible Entity for
Goodman Industrial Trust (ARSN 091 213 839)

Important Notices+

This is an important document and requires your immediate attention. Please read it carefully in its entirety.

If you have any doubts about the action you should take, contact your stockbroker, solicitor, accountant or other professional advisor immediately.

If you are unable to attend the Extraordinary General Meetings of the shareholders of Goodman Limited and unitholders of Goodman Industrial Trust, please complete the proxy form and return it in accordance with the instructions.

Notice of Extraordinary General Meetings and Explanatory Memorandum+

Goodman Group has called meetings (Extraordinary General Meetings) of its stapled securityholders (Securityholders) to seek approval for its proposed strategic acquisition of a leasehold interest in Moorabbin Airport and business park in Victoria (Property or Site) for A$201.5 million from the Vendors (Moorabbin Proposal).

Given that the Moorabbin Proposal involves the issue of Stapled Securities to a related party (as Goodman Holdings, the vendor disposing of the majority interest in the Property, is a related party of Goodman Group), the Board has convened these Extraordinary General Meetings to seek Securityholder approval.

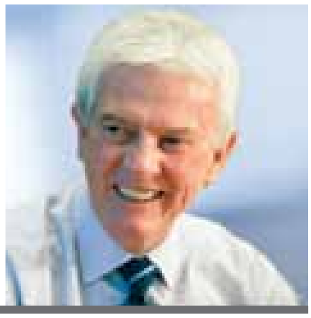
This notice of meetings and the accompanying explanatory memorandum (Explanatory Memorandum) provide Securityholders with information about the Moorabbin Proposal to enable them to vote at the Extraordinary General Meetings.

Key dates+

Event	Date and Time
Date of this Explanatory Memorandum	Wednesday, 29 September 2010
Time and date by which proxy forms must be received	By no later than 10:00 am (Sydney time) on Wednesday, 27 October 2010
Time and date for determining eligibility to vote at the Meetings	7:00 pm (Sydney time) on Wednesday, 27 October 2010
Meetings of Securityholders to be held	10:00 am (Sydney time) on Friday, 29 October 2010

Contents+

Letter from the Chairman of the Board of Independent Directors+



Dear Securityholder

29 September 2010

Goodman Limited and Goodman Funds Management Limited (as the responsible entity for Goodman Industrial Trust) (Goodman Group) invite you to Extraordinary General Meetings (EGM) to be held at 10:00 am on 29 October 2010 to vote on the proposed acquisition of a leasehold interest in Moorabbin Airport and business park (the Property or Site). The proposal is for the Property to be acquired from two vendors, being Goodman Holdings[1] (the majority interest holder in the Property) and Beeside Pty Limited (as trustee of the Beeside Trust) (the minority interest holder in the Property), for a consideration of A$201.5 million through the 100% acquisition of the holding entities of Moorabbin Airport Corporation Pty Ltd (MAC).[2]

The proposed acquisition provides Goodman Group with a strategic asset, offering immediate investment income and development opportunity in the proven land constrained market of inner south east Melbourne.

The proposed purchase consideration to acquire the Property is made up of the following:

+ A$146.5 million in the form of 225,384,615 Stapled Securities with an issue price of 65 cents per Stapled Security, reflecting a 3.8% premium to the 10 day VWAP prior to the announcement of the transaction on 16 August 2010. One third of the Stapled Securities will be held in escrow for two years and two thirds for five years;
+ A$35 million of vendor finance, payable three years after settlement; and
+ A$20 million in immediately available cash to fund the working capital requirements of the various entities being acquired.

The Property is located 21 kilometres from Melbourne's CBD. It has a total land area of 294 hectares, made up of 123 hectares of prime business park space and Moorabbin Airport. Goodman Group has had an active interest in Chifley Business Park (which forms part of the Property) since 1999. Goodman Group originally undertook the development of Chifley Business Park and subsequently sold its sub-lease interest to Goodman Australia Industrial Fund. The proposed acquisition offers Goodman Group the opportunity to expand its existing activities at the Property and to conduct further development at this proven location.

The Property features:

+ A$91.6 million of income producing investments over 50 hectares of existing developed industrial and retail land;
+ A$87.8 million of available development land across 73 hectares. The development land is approved for various commercial uses in accordance with the recently approved Moorabbin Airport Masterplan; and
+ A$22.1 million for aviation operations and aviation support services across 171 hectares of land.

The Independent Directors of Goodman Group unanimously support the proposed transaction, which has been subject to the following stringent governance measures:

+ review and recommendation by a sub-committee of the Goodman Group Board, comprising a number of the Independent Directors;
+ engagement of CB Richard Ellis to conduct an independent valuation of the Property, which the parties had regard to when negotiating the proposed transaction; and
+ appointment of Deloitte Corporate Finance to provide an Independent Expert's Report on whether the proposal is fair and reasonable to Securityholders.

The proposed acquisition of the Property is subject to Securityholder approval at the EGM.

Your vote is important

To proceed, the proposed acquisition requires, among other things, the approval of Securityholders, as well as regulatory approvals.

This Notice of Meetings and accompanying Independent Expert's Report and Independent Valuation contain important information about the proposed acquisition. I urge you to read them very carefully and vote either by proxy or in person at the EGM to be held at Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney at 10:00 am (Sydney time) on Friday, 29 October 2010.

1 Goodman Holdings is a Goodman family owned entity. Goodman Holdings is the majority shareholder in an entity which holds the lease of Moorabbin Airport and business park and will procure the sale of minority interests within the total consideration.

2 Subject to section 6 of the Explanatory Memorandum.

Independent Directors' recommendation

The Independent Directors of Goodman Group, in their assessment of the proposed acquisition of a leasehold interest in Moorabbin Airport and business park, have determined that the Moorabbin Proposal is:

+ of strategic importance and consistent with Goodman Group's Melbourne property strategy; and
+ in the best interests of Securityholders.

The Independent Directors of Goodman Group unanimously support the transaction and on behalf of these Directors, I recommend this transaction to you. The key benefits relating to the Moorabbin Proposal are as follows:

1. Is in line with Goodman Group's business strategy

The proposed acquisition is in line with Goodman Group's business strategy to own, develop and manage business space in prime locations.

2. Is in line with Goodman Group's Melbourne strategy

The proposed acquisition is in line with Goodman Group's Melbourne strategy focusing on the western industrial market, the infill location of Port Melbourne and the inner south east market where this Property is situated. The inner south east is a core market for Goodman Group which is characterised as an infill location in a land constrained market where Goodman Group has an underweight holding.

Goodman Group has a strong track record in Melbourne's inner south east, and in particular at this site. The proposed transaction provides Goodman Group with an opportunity to acquire land generating investment income at a favourable time in the property valuation cycle.

3. Further aligns the interests of Goodman Group CEO to those of Goodman Group

The proposed transaction increases the alignment of Goodman Group Chief Executive Officer, Mr Gregory Goodman to Goodman Group. The Independent Directors believe this alignment is desirable. Should the transaction be approved, the equity consideration will represent approximately 3% in Goodman Group. Importantly, Mr Gregory Goodman's interests in the consideration will be aligned with the five year escrowed securities being issued.

4. Has a favourable financial impact

The proposed transaction has a favourable financial impact for Goodman Group, providing:

+ EPS on the issue of each new ordinary Stapled Security issued at the upper end of FY11 guidance of 5.3 to 5.5 cents per Stapled Security;
+ Accretion to NTA, increasing 30 June 2010 proforma NTA by 0.4 cents per Stapled Security; and
+ No material impact to gearing or liquidity.

5. Aviation Operations outsourced for 10 years

The aviation operations are proposed to be outsourced for 10 years to Goodman Holdings, thereby retaining the experience and knowledge of the operations of the Airport and providing for a seamless integration over time. This will provide to Goodman Group a secure income stream from these activities. Airservices Australia and the Civil Aviation Safety Authority are responsible for the traffic management and safety roles.

Prudent Corporate Governance

The proposed transaction has followed the prudent corporate governance guidelines previously stated and the purchase price is supported by the independent valuation provided by CB Richard Ellis. The independent expert, Deloitte Corporate Finance, has reviewed the terms of the proposed acquisition of the leasehold interest in Moorabbin Airport and business park, and is of the opinion that it is fair and reasonable to Securityholders.

A copy of both the Deloitte Corporate Finance Independent Expert's Report and a summary of the CB Richard Ellis Independent Valuation are enclosed.

Importantly, Securityholders will have the opportunity to vote on the Moorabbin Proposal being considered.

Further information

If you have any questions please call Goodman Group Investor Centre on 1300 723 040 (within Australia) or +61 3 9415 4043 (from outside Australia), or visit our website at www.goodman.com/moorabbinbusinesspark

Yours sincerely

Ian Ferrier
Independent Chairman, AM

Notice
of Extraordinary General Meetings+

Notice is hereby given that the Extraordinary General Meetings of the shareholders of Goodman Limited and unitholders of Goodman Industrial Trust will be held (in conjunction with each other) at Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney at 10:00 am (Sydney time) on 29 October 2010.

Important

1. The resolution should be read in conjunction with the Explanatory Memorandum which follows.
2. Certain terms used below are defined in the Glossary at page 15 of this booklet.
3. Goodman Group must disregard votes cast by certain Securityholders and certain Securityholders should not vote on the resolution, as explained in the "Voting exclusion" paragraphs below. If your vote must be disregarded or if you must not vote, please do not vote in either case. If you have any doubts, please seek advice.

The purpose of the Meetings is to consider and if thought fit, pass the following Resolution.

Resolution: Issue of Stapled Securities to Goodman Holdings

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company and the Trust:

"That approval is given for the Moorabbin Proposal, including the issue of 225,384,615 Stapled Securities to the Vendors at an issue price of 65 cents each as part consideration for the acquisition by Goodman Group of the Moorabbin Units, on the terms set out in the Explanatory Memorandum for the purposes of Listing Rule 10.11 and for all other purposes."

Voting exclusion statement for the Resolution

Goodman Group will disregard any votes cast on the Resolution by:

+ Goodman Holdings;
+ Gregory Goodman;
+ Patrick Goodman; and
+ any of their associates.

However, Goodman Group need not disregard a vote if:

+ it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
+ it is cast by a person chairing the meetings as a proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Section 253E of the Corporations Act, GFM and its associates are not entitled to vote their interests (if any) on any resolution at a meeting of unitholders of the Trust, which is being held in conjunction with a meeting of the Company, if they have an interest in the resolution or matter other than as a member of the Trust.

Required majority

The Resolution will be passed as an ordinary resolution of the Company and the Trust for all purposes under the Listing Rules and the Corporations Act if it is approved by the majority of those Securityholders present and voting (including by proxy) at the meetings.

Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the holding of each Securityholder for the purposes of ascertaining the voting entitlements for the Meetings will be as it appears in the Register at 7:00 pm (Sydney time) on 27 October 2010.

The Explanatory Memorandum attached to this Notice of Meetings is incorporated into and forms part of this Notice of Meetings. A detailed explanation of the background and reasons for the proposed resolution is set out in the attached Explanatory Memorandum.

By order of the Board of Goodman Group

Carl Bicego
Company Secretary
Date: 29 September 2010

Explanatory Memorandum+

This Explanatory Memorandum and the attachments to it form part of the Notice convening the Extraordinary General Meetings to be held at Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney, at 10:00 am (Sydney time) on Friday, 29 October 2010. They have been prepared for the information of the Securityholders in connection with the business to be conducted at the Meetings.

This Explanatory Memorandum and the attachments to it are important documents. They should be read carefully.

If you are not able to attend the Meetings, please complete the attached proxy form and return it to Computershare by 10:00 am (Sydney time) on 27 October 2010, or vote online as instructed on the proxy form, by 10:00 am (Sydney time) on 27 October 2010.

Resolution – Approval of the Moorabbin Proposal under the Listing Rules

1. Background

The Vendors hold (indirectly) all of the shares in MAC as follows:

(a) Goodman Holdings as to 66.67%; and

(b) Beeside Pty Limited (as trustee of the Beeside Trust) as to 33.33%.

On 16 August 2010, the Independent Directors announced the proposed strategic acquisition of a leasehold interest in Moorabbin Airport and business park in Victoria for A$201.5 million.

Goodman Group intends to purchase 100% of the interests in MAC from the Vendors, and the Purchase Price is payable to the Vendors.

The proposed acquisition of the Property:

(a) is in line with Goodman Group's business strategy to own, develop and manage business space in prime locations;

(b) provides Goodman Group with immediate investment income and a proven investment in the land constrained market of inner south east Melbourne which would not otherwise be possible to replicate;

(c) provides Goodman Group with the strategic opportunity to apply its fully integrated business model to maximise value as it conducts the next stage of development of the Property, where Goodman Group has been directly involved since 1999 with Chifley Business Park;

(d) is located in a core Melbourne market where Goodman Group has an underweight holding; and

(e) increases the alignment of Goodman Group Chief Executive Officer, Mr Gregory Goodman, with Goodman Group. The Independent Directors believe that this alignment is desirable and is reinforced via:

   (i) the equity consideration to be issued to the Vendors being held in escrow for a period of two and five years; and

   (ii) A$35 million of vendor finance being payable to the Vendors three years after settlement.

   Importantly, Mr Gregory Goodman's interests in the consideration are aligned with the five year escrowed Stapled Securities being issued.

2. Goodman Group's Melbourne strategy

The strategy of Goodman Group in Melbourne is to focus on the western market (larger pre-committed warehouses), the inner south east market (small to medium sized users in a business park environment) and the infill location of Port Melbourne.

Figure 1 overleaf highlights these three core Melbourne markets and key properties that Goodman Group currently has located in these markets.

Figure 1: Goodman Group's Melbourne strategy

3. The Property

3.1 Overview

The Property is predominantly a localised training and recreational airport surrounded by substantial commercial development and vacant development land. The key features include:

(a) the Property comprises 294 hectares in Melbourne's inner south east suburb of Moorabbin, located 21 kilometres from Melbourne's CBD;

(b) the Property and purchase price are apportioned as follows:

(i) A$91.6 million of income producing investments over 50 hectares of developed industrial and retail land which has been developed over the past 10 years;

(ii) A$87.8 million of development land across 73 hectares. The development land is approved for various commercial uses in accordance with the recently approved Moorabbin Airport Masterplan; and

(iii) A$22.1 million for aviation operations and aviation support services across 171 hectares of land;

(c) income producing investments, including aviation activities, are 100%[3] occupied and have a weighted average lease expiry of 20 years;

(d) Chifley Business Park, owned by Goodman Australia Industrial Fund via a sublease interest, has been developed by Goodman Group over the past 10 years and has a current total investment value of A$106 million; and

3 Excludes four small vacant land parcels within Chifley Business Park.

Figure 2: The Property and its history

+ **June 1998** Lease interest in site acquired by Goodman Holdings	+ **November 1999** Goodman Group signs development agreement	+ **October 2000** Completion of new CASA facility	+ **October 2000** Coca Cola commences occupation
+ **2003** DFO completes extension	+ **September 2003** Visy commences occupation	+ **May 2004** Kingston Central Plaza opens	+ **April 2005** Remington commences occupation
+ **August 2005** Simplot commences occupation	+ **2007** DFO completes further extension	+ **July 2008** Latest stage at Chifley Business Park completes	+ **July 2010** New five year Masterplan approved

3.1 Overview (cont)

(e) proven development land allowing for the flexible needs of existing and future customers. Terms have been agreed for a pre-committed development with a blue chip customer over five hectares of land.

3.2 History

Goodman Holdings acquired a leasehold interest in the site from the Commonwealth Government in 1998. Shortly after, it entered into a development agreement with Goodman Group to exclusively develop the logistics and business park space on the Site. Subsequent milestones up to the current time are highlighted above in Figure 2.

Moorabbin Airport and business park is a valuable asset in the economic and transport infrastructure of Victoria. The Moorabbin Proposal will contribute to job creation and economic activity, while working with the local community.

3.3 Ownership and Moorabbin Airport Masterplan

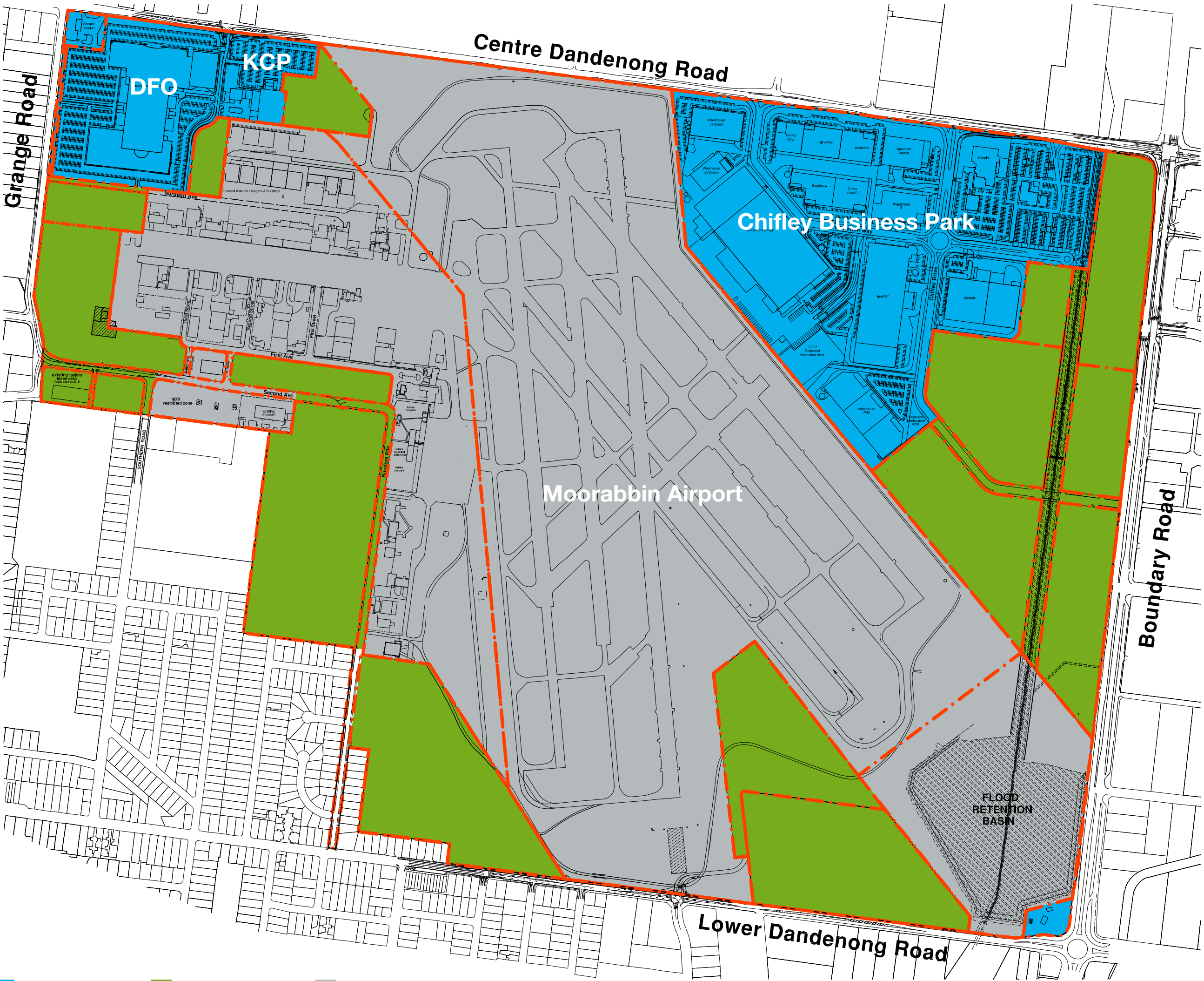
The Property is held under a 99 year[4] leasehold interest (87 years remaining) from the Commonwealth Government to be planned and developed in accordance with the Head Lease over the Property and the Airports Act 1996 (Cth) and associated regulations.

The latest Moorabbin Airport Masterplan was approved in July 2010 and sets out clear planning guidelines to the owner, presenting a range of flexible development opportunities.

Figure 3 overleaf provides a broad outline of the investment, development and aviation precincts of the Property.

4 The Head Lease has an initial term of 50 years (38 years remaining) with an extension for a further 49 years at the option of the lessee.

Figure 3: Precincts of the Property



Goodman Group recognises all the key objectives of the Moorabbin Airport Masterplan. This includes the sustainable and responsible protection of airspace, safety zone and airfield requirements and ensuring that it remains a vital piece of infrastructure in line with the government's stated objectives.

4. Governance measures

As noted in Goodman Group's announcement of 16 August 2010, the Moorabbin Proposal has been subject to the following stringent governance measures:

(a) the Moorabbin Proposal has been reviewed and recommended by a sub-committee of the Board, comprising a number of the Independent Directors. All of the Independent Directors unanimously approve and support the Moorabbin Proposal;

(b) Deloitte Corporate Finance has been appointed as the Independent Expert to provide an independent expert's report to assist Securityholders in assessing the Moorabbin Proposal and in deciding how to vote. This Independent Expert's Report is included as Annexure 1; and

(c) CB Richard Ellis was engaged to conduct an independent valuation of the Property, which the parties had regard to when negotiating the terms of the Moorabbin Proposal. A summary of this valuation report (dated 31 July 2010) is included as Annexure 2.

Furthermore, the Moorabbin Proposal is subject to Securityholder approval at the Meetings.

5. Terms of the Moorabbin Proposal

5.1 Letter of Intent

On 16 August 2010 a letter of intent, containing a conditional binding term sheet (Letter of Intent) was agreed and announced, which sets out the commercial terms of the Moorabbin Proposal.

5.2 Acquisition terms

Goodman Group intends to enter into a binding agreement (Unit Purchase Agreement) to acquire the Moorabbin Units (or such other securities or interests pursuant to any change to the proposed acquisition structure, as mentioned in section 6). Consistent with the Letter of Intent, the material terms of the Unit Purchase Agreement are intended to be as follows:

(a) Purchase Price

The purchase price for the Property will be A$201.5 million (Purchase Price). This Purchase Price is supported by an independent valuation undertaken by CB Richard Ellis.

The Purchase Price is intended to be paid as follows:

(i) A$146.5 million will be paid in the form of 225,384,615 Stapled Securities issued to the Vendors at an issue price of 65 cents per Stapled Security and held in escrow;

(ii) A$35 million of vendor finance, payable three years after settlement; and

(iii) A$20 million in immediately available cash to fund the working capital requirements of the various entities being acquired.

(b) Escrow arrangements

The Stapled Securities referred to above will be subject to escrow as follows:

(i) one third of the Stapled Securities issued to the Vendors (being 75,128,205 Stapled Securities) will be held in escrow until the second anniversary of settlement; and

(ii) two thirds of the Stapled Securities issued to the Vendors (being 150,256,410 Stapled Securities) will be held in escrow until the fifth anniversary of settlement.

(c) Vendor finance arrangements

A$35 million in cash will be held in escrow by Goodman Group until the third anniversary of settlement. Goodman Group will pay a coupon of 6.0% per annum on this deferred cash component amount, payable semi-annually.

(d) Conditions precedent

Completion of the Unit Purchase Agreement is intended to be subject to the following conditions precedent:

(i) approval by more than 50% of votes cast by Securityholders entitled to vote on the Moorabbin Proposal at the Meetings;

(ii) certain environmental investigations being completed by Goodman Group to its satisfaction;

(iii) granting of Governmental approvals on terms satisfactory to Goodman Group, including but not limited to:

- (A) those required under the Head Lease and Airports Act 1996 (Cth), including:
  - (1) the approval of the form of the Airport Management Agreement; and
  - (2) the approval of Goodman Holdings (or its subsidiary) as the manager of the Airport;
- (B) confirmation that the Commonwealth Government has no objection to the Moorabbin Proposal under the Foreign Acquisitions and Takeovers Act 1975 (Cth);

(iv) no material adverse change occurs to either party prior to settlement and the warranties given by the parties remain true and correct in all material respects up until settlement;

(v) a final form Airport Management Agreement is agreed between MAC, Goodman Holdings and others; and

(vi) the finalisation of a new leasing commitment between MAC and a blue chip customer on five hectares of development land.

(e) Warranties

Normal commercial warranties and indemnities (of the type usually provided in a sale of the shares in a company of a nature similar to MAC) are intended to be provided by Goodman Holdings to Goodman Group.

5.3 Airport Management Agreement terms

In order to ensure a seamless transition of the Airport, and consistent with the Letter of Intent, it is intended that Goodman Holdings (the majority shareholder of Moorabbin Airport since 1998) or its wholly owned subsidiary (Manager) will be appointed, under the Airport Management Agreement (Airport Management Agreement), as the Airport manager for the aviation components including Airport operations and associated aviation leases. The key terms of the Airport Management Agreement are intended to include the following:

(a) appointment of Goodman Holdings as Manager for a term of 10 years, breakable at Goodman Group's election at the end of years three and six;

(b) the Manager to make payments of A$1.7 million per annum to Goodman Group in exchange for an entitlement to all aviation revenues and responsibility for all aviation expenses. The proposed rental is consistent with the independent valuation assumptions made;

(c) Goodman Group to hold step in rights in relation to the operation of the Airport; and

(d) the Manager to indemnify Goodman Group against any claims related to the aviation activities of the Airport.

6. Variation to proposed acquisition structure

It is important to note that the proposed acquisition structure (contemplated in section 5 above) may potentially change. However, any variation of the currently proposed acquisition structure would only be undertaken if it is in the best interests of Goodman Group to do so and provided that such change would have no material effect on the consideration payable or the economic benefits Goodman Group will receive as a result. The terms of any material variation to the currently proposed acquisition structure will be announced to the market.

7. Independent Directors' recommendation

The Independent Directors consider the Moorabbin Proposal to be in the best interests of Securityholders and unanimously recommend that the Non-Associated Securityholders vote in favour of the Resolution. In making this recommendation, the Independent Directors have, in particular, considered the following:

(a) the Moorabbin Proposal is in line with Goodman Group's business strategy to own, develop and manage business space in prime locations;

(b) the acquisition of the Property is in line with Goodman Group's Melbourne strategy focusing on the western industrial market, the infill location of Port Melbourne and the inner south east market where this Property is situated. The inner south east is a core market for Goodman Group which is characterised as an infill location in a land constrained market where Goodman Group has an underweight holding.

Goodman Group has a strong track record in Melbourne's inner south east, and in particular at this site. The Moorabbin Proposal provides Goodman Group with an opportunity to acquire land generating investment income at a favourable time in the property valuation cycle;

(c) the Moorabbin Proposal increases the alignment of Goodman Group Chief Executive Officer, Mr Gregory Goodman to Goodman Group. The Independent Directors believe this alignment is desirable. Should the transaction be approved, the equity consideration will represent approximately 3% in Goodman Group. Importantly, Mr Gregory Goodman's interests in the consideration will be aligned with the five year escrowed securities being issued;

(d) the Moorabbin Proposal has a favourable financial impact in that it:

(i) provides EPS on the issue of each new Stapled Security at the upper end of FY11 guidance of 5.3 to 5.5 cents per Stapled Security;

(ii) is accretive to 30 June 2010 proforma NTA by 0.4 cents per Stapled Security; and

(iii) has no material impact to gearing or liquidity;

(e) the aviation operations are proposed to be outsourced for 10 years to the Manager thereby retaining experience and knowledge of the operations and providing for a seamless integration over time. This will provide to Goodman Group a secure income stream from these activities. Furthermore, Air Services Australia and the Civil Aviation Safety Authority are the government agencies responsible for air traffic management and safety roles;

(f) the key benefits, disadvantages and potential risks of the Moorabbin Proposal, as discussed further in section 8;

(g) the independent valuation of the Property conducted by CB Richard Ellis, a summary of which is contained in Annexure 2; and

(h) the opinion of the Independent Expert that the Moorabbin Proposal is fair and reasonable from the perspective of Non-Associated Securityholders. A full copy of the Independent Expert's Report is contained in Annexure 1.

8. Matters to consider in deciding how to vote on the Resolution

(a) Benefits of Moorabbin Proposal

The Moorabbin Proposal:

(i) is in line with Goodman Group's business strategy to own, develop and manage business space in prime locations.

(ii) is in line with Goodman Group's Melbourne strategy focusing on the western industrial market, the infill location of Port Melbourne and the inner south east market where this Property is situated. The inner south east is a core market for the Goodman Group which is characterised as an infill location in a land constrained market where Goodman Group has an underweight holding.

Goodman Group has a strong track record in Melbourne's inner south east, and in particular at this site. The Moorabbin Proposal provides Goodman Group with an opportunity to acquire land generating investment income at a favourable time in the property valuation cycle.

(iii) provides Goodman Group with the strategic opportunity to apply its fully integrated business model to maximise value as it conducts the next stage of development at the Property, where Goodman Group has been directly involved since 1999 with Chifley Business Park.

8. Matters to consider in deciding how to vote on the Resolution (cont)

(iv) increases the alignment of Mr Gregory Goodman with Goodman Group. This alignment is thought to be desirable and is reinforced via:

(A) the equity consideration to be issued to the Vendors being held in escrow for a period of two and five years; and

(B) A$35 million of vendor finance which will be withheld by Goodman Group for a period of three years after settlement.

Importantly, Mr Gregory Goodman's interests in the consideration are aligned with the five year escrowed securities being issued.

(v) protects Goodman Group's existing involvement in the area as the Property is adjacent to Chifley Business Park.

(vi) has a favourable financial impact in that it:

(A) provides EPS on the issue of each new Stapled Security at the upper end of FY11 guidance of 5.3 to 5.5 cents per Stapled Security;

(B) is accretive to 30 June 2010 proforma NTA by 0.4 cents per Stapled Security; and

(C) has no material impact to gearing or liquidity.

(b) Disadvantages and potential risks

Factors that may be viewed as disadvantageous or as a potential risk include:

(i) increased exposure to non-core aviation and retail activities: Following completion of the Moorabbin Proposal, it is intended that Goodman Group will acquire the Head Lease of the Airport and, as such, will assume responsibility for the aviation operations at the Site. However, Goodman Group proposes to manage this role through the management arrangement with the incumbent management;

(ii) operational risks: The Moorabbin Proposal involves the acquisition of interests in an operational asset which is the subject of restrictive regulatory obligations. Goodman Group may be required to step in and operate the Airport should the Manager (Goodman Holdings) default on any of its obligations;

(iii) regulatory approvals: There is no guarantee that the necessary regulatory approvals will be obtained to allow the Moorabbin Proposal to proceed;

(A) Government approvals are required under the Airports Act 1996 (Cth) in respect of the form of the Airport Management Agreement and for Goodman Holdings (or its subsidiary) to be appointed as the Manager; and

(B) Foreign Investment Review Board approval is required as Goodman Group is deemed to be a foreign government investor under the Foreign Acquisition and Takeovers Act 1975 (Cth) by virtue of the hybrid securities held by China Investment Corporation. The Foreign Investment Review Board is not bound by any timeframe to make a decision;

(iv) investment risks: There is no certainty with respect to future returns and developments at the Property, in particular:

(A) the successes of the past developments, and the forecasted level returns, may not be achieved; and

(B) MAC is not responsible for aircraft runway movements and any regulatory changes by the Civil Aviation Safety Authority or Airservices Australia may possibly impact future commercial development on the Property;

(v) dilution: The Securityholders' ownership will be diluted by approximately 3% as a result of 225.4 million Stapled Securities being issued to the Vendors as part of the consideration for the acquisition under the Moorabbin Proposal;

(vi) regulatory and government policy: Moorabbin Airport and business park operate under the Airports Act 1996 (Cth). There is a risk that ownership of the leasehold interest in the Property (including foreign ownership) and activities relating to aviation and non-aviation activities could be adversely affected by the regulations under the Airports Act 1996 (Cth) along with any future changes to the Airports Act 1996 (Cth). Aviation and non-aviation activities could be adversely affected by changes to government policy, security and safety requirements, development guidelines and changes in tax, duty and other regulatory regimes;

(vii) lease termination: The land comprising Moorabbin Airport and business park is leased to MAC until 2048 with an option for a further term of 49 years. If MAC breaches use or access provisions of the lease, the Commonwealth Government must notify MAC and if the breach persists the Commonwealth Government may terminate the lease;

(viii) environmental and planning risk: Airports and any associated development on or around the Airport may attract opposition from environmental groups in relation to various environmental issues, who may attempt to limit the activities on the Property, its operation or its impact on surrounding communities through lobbying and political pressure, litigation or direct action. Changes in environmental and planning regulation may impact aviation and development activities;

(ix) accidents and insurance: Aviation activities are exposed to the risk of accidents, including aircraft crashes, which may result in injury or loss of life or damage to property and infrastructure. While aviation activities are the responsibility of third parties and insurance exists for such incidents, the risk of under insurance and reputational damage to Goodman Group remains;

(x) potential conflict of interest: Goodman Australia Industrial Fund (an Australian unlisted property fund managed by Goodman Group) has an interest in Chifley Business Park which is located on Moorabbin Airport and business park. Although processes exist for actively managing any conflicts of interest, there is a risk that the resolution of such conflicts may lead to outcomes which are disadvantageous to Goodman Group;

(xi) capital expenditure: Airport operations, including collection of revenues and expenses (including capital expenditure), are the responsibility of the Manager. There is a risk that due to regulatory or commercial reasons future capital costs may not be recoverable from the Manager and will be unrecoverable through other commercial arrangements;

(xii) general property risk: The acquisition of the leasehold interest in Moorabbin Airport and business park is an investment in real estate and therefore may be adversely affected by changes to the underlying property, including:

(A) tenancy default or failure or delays in letting up and falls in rental and occupancy levels;

(B) capital expenditure requirements and increasing costs of plant and equipment and infrastructure and development and refurbishment risk;

(C) unforeseen structural deterioration or failure;

(D) unforeseen litigation with tenants; and/or

(E) claims under environmental legislation.

The Property is also subject to the prevailing property market conditions and adverse changes in market sentiment or market conditions may impact on the Property's value, the ability to develop it and earnings from the Property.

Property assets are by their nature illiquid assets. This may make it difficult to realise the value of the investment in the short term in response to changes in economic or other conditions. Furthermore, the nature in which the Property is held also constrains the ability to realise the asset in any sale.

Furthermore, while it is Goodman Group's policy to conduct a thorough due diligence process in relation to the acquisition, risks remain that are inherent in such acquisitions; and

(xiii) taxation: While Goodman Group adopts every effort to operate in a tax efficient manner for Securityholders, no assurance can be given as to the level of taxation incurred. Changes in the tax regime can adversely affect the tax position of Goodman Group and its Securityholders.

As Goodman Group consists of two entities, a trust and a company, in a stapled arrangement any changes in the tax laws specifically affecting stapled entities, or changes to the administration of current laws which affect stapled arrangements or the characterisation of transactions between stapled entities could adversely affect Securityholders' interests.

The Independent Directors believe that the benefits of the Moorabbin Proposal outweigh its disadvantages and potential risks.

9. Independent Expert's Report

The Independent Expert has been appointed to prepare a report to assist Non-Associated Securityholders to assess the Moorabbin Proposal and decide how to vote. The Independent Expert has been commissioned to consider whether or not, in its opinion, the terms of the Moorabbin Proposal are fair and reasonable to Non-Associated Securityholders.

In summary, the Independent Expert has formed the opinion that the advantages of the Moorabbin Proposal outweigh its disadvantages and therefore the terms of the Moorabbin Proposal are fair and reasonable, having regard to the interests of the Non-Associated Securityholders.

The Independent Expert's Report is set out in full in Annexure 1.

10. Explanation of the Resolution – Approval of the issue of Stapled Securities to a Related Party (Goodman Holdings)

10.1 Background

Listing Rule 10.11 requires, subject to certain exceptions, that Securityholder approval is obtained for the issue of Stapled Securities to a related party of Goodman Group. Goodman Holdings, the vendor disposing of the majority interest in the Property, is a related party of Goodman Group. Accordingly, Securityholder approval under Listing Rule 10.11 is being sought for the issue of 225,384,615 Stapled Securities to the Vendors (at an issue price of 65 cents per Stapled Security issued) under the Moorabbin Proposal.

If the issue of such Stapled Securities is approved under Listing Rule 10.11, approval under Listing Rule 7.1 is not required in order for these Stapled Securities to be excluded from Goodman Group's 15% limit under that Listing Rule.

As required by Listing Rule 10.13, the following information is provided to Securityholders regarding the proposed issue of Stapled Securities to the Vendors:

(a) a maximum of 225,384,615 Stapled Securities will be issued to the Vendors at an issue price of 65 cents each;

(b) the Stapled Securities will be issued to the Vendors on completion of the Moorabbin Proposal, in accordance with the terms of the Unit Purchase Agreement;

(c) the Stapled Securities will be issued as part consideration for the acquisition of the Moorabbin Units by Goodman Group, and no funds will be raised from the issue of the Stapled Securities; and

(d) the Stapled Securities issued to the Vendors will be subject to the following escrow arrangements:

    (i) 75,128,205 (or one third) of the Stapled Securities issued will be subject to escrow until the second anniversary of settlement; and

    (ii) 150,256,410 (or two thirds) of the Stapled Securities issued will be subject to escrow until the fifth anniversary of settlement.

Normally, Listing Rule 10.13.3 would require that the Stapled Securities be issued to the Vendors no more than one month after the date of the Meetings. However, completion of the Moorabbin Proposal is conditional on the Government approvals being obtained and the timing of this is uncertain.

Goodman Group has therefore obtained a waiver of Listing Rule 10.13.3 to permit the Stapled Securities to be issued to the Vendors within the period of seven months after the date on which Securityholders approve the Moorabbin Proposal.

To pass this Resolution more than 50% of the votes cast by Securityholders entitled to vote on the resolution must be in favour of the Resolution.

10.2 Directors' interests

The Directors intend to vote the Stapled Securities they own or control in favour of the Resolution, except where they are not permitted to cast a vote (under the voting exclusions contained in the Notice of Meetings).

Director	Number of Stapled Securities held as at 7 September 2010
Ian Ferrier	319,994
Diane Grady	208,200
John Harkness	276,932
James Hodgkinson	1,254,302
Anne Keating	304,866
Jim Sloman	237,621

10.3 Interests of Goodman Holdings

As at 30 June 2010, Goodman Holdings and its associates (which include Gregory Goodman and Patrick Goodman) held 5,995,992 Stapled Securities.

Meetings and Notes on Voting+

Venue

The Extraordinary General Meetings of the shareholders of the Company and unitholders of the Trust will be held (in conjunction) at:

Sheraton on the Park, Grand Ballroom
161 Elizabeth Street, Sydney, NSW
on Friday, 29 October 2010
commencing at 10:00 am (Sydney time)

Voting and proxies

Securityholders can vote in one of the following three ways:

(a) by attending the meeting and voting either in person or by attorney or, in the case of corporate Securityholders, by corporate representative;

(b) by appointing a proxy to attend and vote on their behalf, using the Securityholder voting form enclosed with this Notice; or

(c) by lodging a proxy vote electronically.

A proxy need not be a Securityholder.

Securityholders wishing to appoint the Chairman of the Meetings as their proxy should read the instructions on the Proxy Form carefully and mark the relevant box to ensure that their votes are not disregarded.

Required majority

The Resolution will be passed as an ordinary resolution of the Company and the Trust for all purposes under the Listing Rules and the Corporations Act if it is approved by the majority of those Securityholders present and voting (including by proxy) at the Meetings.

Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the holding of each Securityholder for the purposes of ascertaining the voting entitlements for the Meetings will be as it appears in the Register at 7:00 pm (Sydney time) on 27 October 2010.

Voting in person – individuals and corporate representatives

Securityholders who plan to attend the Meetings are asked to arrive at the venue 30 minutes prior to the time designated for the Meetings, if possible, so that their securityholding may be checked against the security register and attendance noted. Securityholders attending in person must register their attendance upon arrival.

Where more than one joint Securityholder votes, the vote of the Securityholder whose name appears first in Goodman Group's security register shall be accepted to the exclusion of the others. To vote in person at the Meetings, a company which is a Securityholder may appoint an individual to act as its representative. The representative should bring to the Meetings a letter or certificate evidencing their appointment. A form of certificate may be obtained from Goodman Group's security registry at: www-au.computershare.com/investor.

Voting by proxy – using the Securityholder Proxy Form or electronically

You may appoint any person to attend and vote as your proxy, including the Chairman of the meeting. A proxy is not required to be a Securityholder. To appoint a proxy, complete and lodge the enclosed form in accordance with the instructions below.

(a) How is the proxy to vote?

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business.

If the appointment of proxy:

+ directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed; or
+ does not direct the proxy to vote on an item of business in any particular way, the proxy may vote on that item as the proxy sees fit.

(b) Appointing more than one proxy

A Securityholder entitled to cast two or more votes at the Meetings may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the Securityholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, then each proxy may exercise half of the votes.

Voting by proxy – using the Securityholder Proxy Form or electronically (cont)

(c) Lodging your proxy

A Proxy Form is attached to this Notice of Meetings. To be valid:

(i) Proxy Forms must be received at the office of Computershare Investor Services Pty Limited (on behalf of Goodman Group) or at the registered office of Goodman Group being the places designated by Goodman Group for that purpose or at the facsimile number of Computershare Investor Services Pty Limited or Goodman Group by no later than 10:00 am (Sydney time) on 27 October 2010, or if the Meetings are adjourned, at least 48 hours before its resumption in relation to the adjourned part of the Meetings; and

(ii) The authority under which any form appointing a proxy must be signed or a certified copy of that authority, and must be received at the office or facsimile number of Computershare Investor Services Pty Limited (on behalf of Goodman Group) or Goodman Group by no later than 10:00 am (Sydney time) on 27 October 2010, or if the Meetings are adjourned, at least 48 hours before its resumption in relation to the adjourned part of the Meetings.

The office of Computershare Investor Services Pty Limited is Level 5, 115 Grenfell Street, Adelaide, SA, 5000 (GPO Box 242, Melbourne, Vic, 3000) and the facsimile number is 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia). A reply paid envelope is enclosed for use within Australia.

The registered office of Goodman Group is Level 10, 60 Castlereagh Street, Sydney, NSW, 2000 and the facsimile number is +61 2 9230 7444.

Alternatively, you can lodge your proxy online by visiting www.investorvote.com.au. To use the online lodgements facility, Securityholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

However, please note that the online proxy facility is not suitable for Securityholders wishing to appoint two proxies.

(d) Custodian voting

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

(e) Chair's intention

If you return your Proxy Form but do not nominate a representative, the Chairman of the Meetings will be your proxy and will vote on your behalf as you direct on the Proxy Form. If your nominated representative does not attend the Meetings then your proxy vote will revert to the Chairman of the Meetings and he may vote as he thinks fit in relation to any motion or resolution other than those (if any) in respect of which an indication of the manner of voting is given on your Proxy Form.

Voting by corporate representative

In order to vote in person at the Meetings, a corporation which is a Securityholder may appoint an individual to act as its representative. The appointment must comply with the requirements of sections 250D and 253B of the Corporations Act. The representative should bring to the Meetings evidence of their appointment, including any authority under which it is signed.

By order of the Board

Carl Bicego

Carl Bicego
Company Secretary
Date: 29 September 2010

Glossary+

Airport means the aviation and aviation support functions relating to the Property.

Airport Management Agreement has the meaning given to that term in section 5.3 of the Explanatory Memorandum.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited, or the market operated by it, the Australian Securities Exchange, as the context requires.

Board means the board of Directors of the Company and GFM.

Company means Goodman Limited (ABN 69 000 123 071).

Constitution means the constitution of the Company and/or the Trust as appropriate.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of Goodman Group.

EPS means earnings per security.

Explanatory Memorandum means the explanatory memorandum that accompanies this Notice of Meetings.

GFM means Goodman Funds Management Limited (ABN 48 067 796 641).

Goodman Group means the Company and the Trust (and where the context requires, GFM as Responsible Entity for the Trust) and, where the context requires, their controlled entities.

Goodman Holdings means Goodman Holdings Pty Limited (ACN 003 165 295).

Head Lease means the lease from the Commonwealth of Australia to MAC in relation to the Property granted on 18 June 1998.

Independent Directors means, for purposes of this Notice of Meetings, the Directors, excluding Gregory Goodman and Patrick Goodman, and including James Hodgkinson as a non-interested non-Executive Director.

Independent Expert means Deloitte Corporate Finance Pty Limited.

Letter of Intent has the meaning given to that term in section 5.1 of the Explanatory Memorandum.

Listing Rules means the listing rules of the ASX.

Meetings mean the Extraordinary General Meeting of shareholders of the Company, which is being held in conjunction with the Extraordinary General Meeting of the unitholders of the Trust.

MAC means Moorabbin Airport Corporation Pty Limited (ACN 081 564 310).

Manager has the meaning given to that term in section 5.3 of the Explanatory Memorandum.

Moorabbin Proposal means the transaction described in section 5 and section 6 of the Explanatory Memorandum.

Moorabbin Units means the units in:

(a) the MAC Unit Trust; and

(b) the Moorabbin Airport Unit Trust,

being the holding entities of MAC.

NTA means net tangible assets.

Non-Associated Securityholders means the Securityholders other than Goodman Holdings and its associates.

Notice of Meetings and Notice means this notice of meetings and any notice of any adjournment of the meetings.

Property means the leasehold interest in Moorabbin Airport and business park located in the established inner south eastern Melbourne suburb of Moorabbin, Victoria, having a total land area of 294 hectares.

Purchase Price has the meaning given to that term in section 5.2(a) of the Explanatory Memorandum.

Related Body Corporate has the meaning given in Section 50 of the Corporations Act.

Securityholder means a registered holder of Stapled Securities.

Stapled Security means a share in the Company stapled to a unit in the Trust.

Trust means Goodman Industrial Trust (ARSN 091 213 839).

Unit Purchase Agreement has the meaning given to that term in section 5.2 of the Explanatory Memorandum.

Vendors means, collectively, Goodman Holdings (a 67% indirect shareholder of MAC) and Beeside Pty Limited (as trustee of Beeside Trust) (a 33% indirect shareholder of MAC).

VWAP means volume weighted average market price.

All amounts are in Australian dollars unless otherwise stated.

Annexure 1
Independent Expert's Report+

Deloitte.

Goodman Group

Independent expert's report and

Financial Services Guide

22 September 2010

Deloitte.

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Deloitte will receive a fee of approximately $275,000 exclusive of GST in relation to the preparation of this report. This fee is based on time spent at our normal hourly rates and is not contingent upon the success or otherwise of the proposed transaction between Goodman Group and vendors including Goodman Holdings Pty Limited (the Proposed Transaction).

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. The following represents a summary of work performed by Deloitte and Deloitte Touche Tohmatsu (and other entities related to Deloitte Touche Tohmatsu) (together Deloitte Australia) over the past two years:

- Forensic services
- Risk services

Neither we, nor any other member of Deloitte Australia, nor any partner or employee thereof has any financial interest in the outcome of the Proposed Transaction which could be considered to affect our ability to render an unbiased opinion in this report.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth)

31 July 2010
Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

Deloitte.

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Directors
Goodman Group
Level 10, 60 Castlereagh Street
Sydney NSW 2000

22 September 2010

Dear Directors

Independent expert's report

Introduction

On 16 August 2010 (**Announcement Date**), Goodman Group (or the **Group**) announced a transaction whereby Goodman Group would indirectly acquire all of the equity in Moorabbin Airport Corporation Pty Limited (**MAC**) from the vendors, including Goodman Holdings Pty Limited (**Goodman Holdings**), an entity beneficially owned by Mr Greg Goodman and Mr Patrick Goodman, which has a 66.7% interest in MAC (**Proposed Transaction**). MAC's primary asset is a long-term leasehold granted by the Commonwealth Government of Australia over a 294 hectare airport and business park in Melbourne's inner south east commonly referred as Moorabbin Airport (**Moorabbin Airport** or the **Property**) which was independently valued at $201.5 million as at 31 July 2010. As consideration Goodman Group will issue 225.4 million Goodman Group securities, one third of which is to be held in escrow for a period of two years and the remainder held in escrow for a period of five years (**Equity Consideration**) plus $35 million of vendor finance payable three years after settlement (**Vendor Finance Consideration**) (combined, **the Consideration**).

On completion of the Proposed Transaction, Goodman Group proposes to enter into an Airport Management Agreement with Goodman Holdings where Goodman Holdings would manage the aviation operations at the Property. These are currently managed by MAC and under the proposed arrangement Goodman Holdings would pay Goodman Group $1.7 million per annum (subject to fixed 3% increases per annum).

Purpose of the report

Australian Securities Exchange (**ASX**) Listing Rule 10.1 requires a listed entity to obtain securityholder approval before it acquires a substantial asset from, or disposes of a substantial asset to, an entity that is a related party (or is in a position of substantial influence) when the consideration to be paid, or the value of the asset, constitutes more than 5% of the equity interest of that entity (**Substantial Asset**). Pursuant to ASX Listing Rules 10.1 and 10.10, the listed entity undertaking the transaction must prepare a notice of meeting containing a report by an independent expert stating whether the proposed transaction is fair and reasonable to securityholders whose votes are not to be disregarded.

Mr Greg Goodman and Mr Patrick Goodman, through Goodman Holdings, are significant shareholders in MAC and are also directors of Goodman Group. Whilst the acquisition of Goodman Holdings' interest in MAC is not deemed to be a Substantial Asset of Goodman Group, the Independent Directors of Goodman Group (**Independent Directors**) have requested Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) to prepare an independent expert's report (**IER**) as if it was required pursuant to ASX Listing Rule 10.1 advising whether the Proposed Transaction is fair and reasonable to securityholders of Goodman Group other than the Goodman Family (**Non-Associated Securityholders**).

In evaluating whether the Proposed Transaction is fair and reasonable to the Non-Associated Securityholders we have considered the ASX Listing Rules, Australian Securities and Investments Commission (**ASIC**) Regulatory Guides and common market practice.

The Independent Directors have prepared a notice of meeting and accompanying explanatory memorandum containing information relevant to the related resolutions (**Explanatory Memorandum**) to be sent to Goodman Group securityholders for the purpose of seeking their approval of the Proposed Transaction. Our report is to be included in the Explanatory Memorandum and has been prepared for the exclusive purpose of assisting the Non-Associated Securityholders in their consideration of the Proposed Transaction. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

Basis of evaluation

In our opinion the most appropriate basis on which to evaluate whether the Proposed Transaction is fair and reasonable is to consider the overall effect of the Proposed Transaction on the Non-Associated Securityholders and to form a view as to whether the expected benefits to the Non-Associated Securityholders outweigh the disadvantages that may result from the Proposed Transaction. In undertaking our analysis we have considered:

- the fair market value of MAC and the Consideration to be paid by Goodman Group in exchange for all of the outstanding share capital of MAC
- the financial impact of the Proposed Transaction on Goodman Group. In particular the impact on earnings, gearing and other key financial metrics following completion of the Proposed Transaction
- the other terms of the Proposed Transaction and their impact on Non-Associated Securityholders as well as other factors such as the relevance of the Property to Goodman Group's current strategy and any other advantages or disadvantages of the Proposed Transaction.

Evaluation and conclusion

In our opinion the Proposed Transaction is fair and reasonable to Non-Associated Securityholders.

Advantages of the Proposed Transaction

The Proposed Transaction is at fair market value

Set out below is a comparison of our assessment of the fair market value of MAC with the fair market value of the Consideration.

Table 1: Evaluation of fairness

	Section	Low ($'million)	High ($'million)
Fair market value of the Property		201.5	201.5
MAC net debt outstanding		(20.0)	(20.0)
Other net assets		-	-
Fair market value of MAC	**5**	**181.5**	**181.5**
Fair market value of Equity Consideration	6.2	135.2	148.8
Fair market value of Vendor Finance Consideration	6.3	35.0	35.0
Fair market value of Consideration		**170.2**	**183.8**
Implied (over)/under payment for the Property		***11.3***	***(2.3)***

Source: Deloitte Corporate Finance analysis

As set out above, the fair market value of MAC is within the fair market value range of the Consideration. Accordingly, in our opinion the Proposed Transaction is at fair market value.

Valuation of MAC

We have estimated the fair market value of MAC on a control basis by aggregating the fair market value of its underlying assets and liabilities. Our assessment of the fair market value of MAC's net assets has been based on the unaudited balance sheet as at 30 June 2010 adjusted to reflect the fair market value of MAC's interest in the Property. For the purpose of our valuation we have assumed that the balance sheet as at 30 June 2010 is a reasonable estimate of the fair market value of MAC's other assets and liabilities.

In estimating the fair market value of the Property we have had regard to the valuation report prepared by CB Richard Ellis (V) Pty Limited (**CBRE**) dated 31 July 2010 (**CBRE Report**). We have reviewed the approach and key assumptions adopted for each component of the Property in the CBRE Report and have concluded that this valuation is an appropriate estimate of the current fair market value of the Property.

CBRE, a licensed estate agent providing valuation and advisory services, was engaged by Goodman Group to prepare a report providing an independent valuation of the Property as at 31 July 2010 for the purposes of the proposed acquisition.

CBRE's was appointed by the Independent Directors of Goodman Group and a summary of CBRE's report is provided as Appendix 2 to the Notice of Meeting.

Valuation of the Consideration

In estimating the fair market value of the Consideration we have considered the constituent parts, being the Equity Consideration and the Vendor Finance Consideration.

Equity Consideration

In order to estimate the fair market value of the Goodman Group securities to be issued as Equity Consideration, we have undertaken an analysis of recent trading prices for Goodman Group. In our opinion, recent trading in Goodman Group securities provides a reasonable estimate of the fair market value of the Equity Consideration since:

- if the Proposed Transaction proceeds, the existing MAC shareholders will receive 225.4 million Goodman Group securities which, based on the outstanding securities as at 30 June 2010, equates to approximately 3% of total outstanding securities. This interest is a minority or portfolio interest in Goodman Group and the trading price of a Goodman Group security represents a minority value
- the Property represents approximately 2.5% of Goodman Group's total on balance sheet assets therefore any potential market re-rating arising as a result of the Proposed Transaction is not likely to have a material impact on the price of Goodman Group securities. Furthermore our analysis has included trading in Goodman Group securities subsequent to the Announcement Date which would include the market's assessment of any impacts of the Proposed Transaction
- there is a liquid market for Goodman Group securities incorporating a strong retail and institutional securityholder base as well as significant coverage from research analysts. Furthermore, on 19 August 2010, Goodman Group announced its FY10[1] results to the market and provided an updated outlook for the operations of the Group including revised guidance for FY11.

Based on observed trading in Goodman Group securities following the Announcement Date we have assessed the value of a Goodman Group security on a minority basis to be in the range of $0.60 to $0.66. Whilst the securities to be issued to Goodman Holdings are held in escrow for a period of two to five years, and therefore these securities have a theoretical lower value in the hands of the securityholder, we have not applied a discount for lack of marketability since:

- the holders of the securities will receive distributions over the escrow period which provides a return on investment during the holding period
- the escrow restrictions may affect the value of the Equity Consideration to the recipient but should not affect the value "given up" by Goodman Group.

We note that if equity were to be raised from the market to fund the acquisition of the Property, this capital would typically be priced at a discount to observed trading prices in order to encourage participation in the equity raising.

Vendor Finance Consideration

In estimating the fair market value of the Vendor Finance Consideration we have had regard to the future cash flow profile associated with the Vendor Finance Consideration which includes a 6% per annum coupon payment, paid semi-annually in addition to the repayment of the $35 million principal amount at the end of the three year escrow period.

We have selected the face value of the principal as the fair market value of the Vendor Finance Consideration.

Table 2: Assessed fair market value of the Consideration

	Low	High
Goodman Group securities to be issued (million)	225.4	225.4
Assessed fair market value of a Goodman Group security on a minority basis ($)	0.60	0.66
Assessed fair market value of Equity Consideration ($'million)	**135.2**	**148.8**
Vendor Finance Consideration ($'million)	**35.0**	**35.0**
Fair market value of the Consideration ($'million)	**170.2**	**183.8**

Source: Deloitte Corporate Finance analysis

[1] FY = financial year ending 30 June

Since the Equity Consideration component is based on a fixed number of Goodman Group securities, the ultimate value of the Consideration will depend upon the price of a Goodman Group security on the date that the Proposed Transaction is implemented.

Regardless of the outcome of the Proposed Transaction, the price of Goodman Group securities will vary in the future, based on market movements, developments in the property market and changes in the Group's specific circumstances.

We have assessed the value of the Consideration based on our analysis of recent market trading in Goodman Group securities. The table below sets out the effective value of the Consideration for a range of possible market prices for a Goodman Group security to the extent that there is no corresponding change in the fair market value of the Property. We note however that there is likely to be broad correlation between the movement in the trading price of a Goodman Group security and the value of industrial property, which is the principal driver of the value of the Property.

Table 3: Sensitivity of the Consideration to Goodman Group's market price

Market value of a Goodman Group security	Implied Consideration (million)	Premium/(discount) to fair market value of MAC
$0.540	$156.7	(14)%
$0.570	$163.5	(10)%
$0.600	$170.2	(6)%
$0.630	$177.0	(2)%
$0.660	$183.8	1%
$0.690	$190.5	5%
$0.720	$197.3	9%

Source: Deloitte Corporate Finance analysis

Our assessed range is also consistent with the VWAP of Goodman Group observed in trading over longer periods as well as set out below:

Table 4: Summary of trading in Goodman Group securities as at 22 September 2010

	Volume traded (% of average shares outstanding)	Daily Volume Weighted Average Price (VWAP) Low ($)	High ($)	VWAP ($)
Over 1 week period to 16 August 2010	1.7%	0.620	0.635	0.626
Over 1 month period to 16 August 2010	7.0%	0.615	0.645	0.628
Over 3 month period to 16 August 2010	35.6%	0.575	0.710	0.635
Over 6 month period to 16 August 2010	74.8%	0.575	0.740	0.641
Over 1 year period to 16 August 2010	184.2%	0.530	0.740	0.620
Since 16 August 2010	12.9%	0.600	0.680	0.648
Over 5 trading days to 22 September 2010	1.8%	0.655	0.670	0.663

Source: Thomson Reuters, Deloitte Corporate Finance analysis

The financial metrics of the Proposed Transaction are broadly neutral

Should the Proposed Transaction proceed, Goodman Group's key reported financial metrics, being forecast earnings per security (**EPS**), net tangible assets (**NTA**) per security and financial gearing will remain broadly unchanged as presented in the table below.

Table 5: Financial metrics of the Proposed Transaction

	Prior to Proposed Transaction	Post Proposed Transaction	Impact of the Proposed Transaction (%)
NTA per security as at 30 June 2010 (cents)[1,3,5]	46.1	46.5	+1%
FY11 EPS (operating) (cents)[2,5]	5.30 to 5.50	See below	Neutral
Book value gearing (30 June 2010)[1,4]	24.9%	25.1%	(1)%

Source: Deloitte Corporate Finance analysis

Notes:

1. Based on reported 30 June 2010 financial statements
2. Based on guidance proposed by Goodman Group in 30 June 2010 annual results presentation
3. Based on $133.5 million of net tangible assets acquired (comprising the Property of $201.5 million, MAC's outstanding debt balance of $20 million, a $35 million liability for the settlement of the Vendor Finance Consideration and $13 million of transaction costs funded from existing debt facilities) and 223.4 million shares to be issued as the Equity Consideration
4. Based on Goodman Group assuming MAC's existing debt facility (drawn to a limit of $20 million) and including new liabilities for debt funded acquisition costs ($13 million) and $35 million in respect of the Vendor Finance Consideration
5. On a fully diluted basis.

EPS

We have been provided with a financial model prepared by Goodman Group for the purpose of analysing the impact of the Proposed Transaction on Goodman Group. The financial model includes a number of inputs and assumptions made by Goodman Group on the future performance of the Property and the associated development of the site. We have performed an analysis on the projections underpinning the financial model including limited procedures regarding the mathematical accuracy of the model. Our work did not constitute an audit or review of the projections in accordance with Auditing and Assurance Standards Board (**AUASB**) Standards and accordingly we do not express any opinion as to the reliability of the projections or the reasonableness of the underlying assumptions.

FY11 earnings from the Property subsequent to implementation of the Proposed Transaction are expected to be driven primarily by passive rental income on existing investment assets at the site of approximately $3.3 million as well as $1.1 million (pro rata based on partial year) to be received as part of the management arrangement for the operation of the aviation assets of the site. Goodman Group management also expects to capitalise interest on the purchase price of the development portion of the site. Whilst the amount to be capitalised is in excess of the interest to be incurred for the funding of the Proposed Transaction, this is consistent with the Group's accounting policy and relevant accounting standards where interest is capitalised at the relevant weighted average cost of debt. Overall there is expected to be no dilutive impact on Goodman Group's forecast EPS for FY11 of 5.3 to 5.5 cents.

The Proposed Transaction is expected to be EPS accretive over the medium term through the expected realisation of development profits as Goodman Group executes its development strategy for the 73 hectares of developable land located on the site of the Property.

NTA

The Proposed Transaction is 1% accretive to NTA per security, which when considered across Goodman Group's total net tangible asset base of $3.6 billion, the overall impact is minimal.

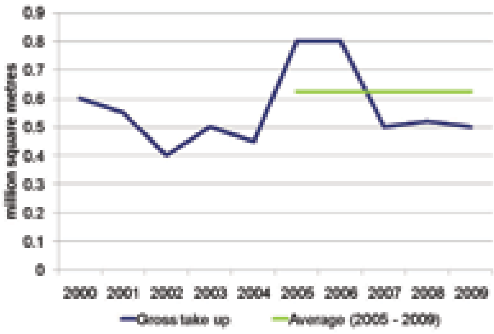
Gearing

Goodman Group's reported book gearing as at 30 June 2010 of 24.9% is expected to increase by approximately 0.2% following the completion of the Proposed Transaction to 25.1%.

Acquired land bank consistent with Goodman Group strategy

Acquisition of the Property will enable Goodman Group to pursue its focussed industrial estate development strategy in a market where it is presently underweight. The figure below presents the historical gross market take-up rate for Melbourne industrial property, which represents the rate at which end users are leasing or acquiring new industrial properties.

Figure 1: Melbourne industrial property sector



Source: Goodman Group, industry analysis, Deloitte Corporate Finance analysis

Based on Goodman Group's historical take-up of industrial land in the region (or approximately 25%), considering the above, this translates to an annual targeted share of approximately 150,000 square metres (**sqm**). Based on Goodman Group's current Victorian development strategy, the existing Victorian land bank provides for an estimated completion of 75,000 sqm (i.e. 50% expected shortfall) per annum over the next five years. Should the Proposed Transaction proceed this is estimated to increase to 119,000 sqm per annum which would substantially reduce the shortfall.

Market analysts are generally of the view that the Melbourne industrial property market will continue to strengthen over the next two years. It is expected that an improvement in the sector will be driven by improved economic conditions in both the local economy and the wider Australian economy. It is anticipated that end users of industrial property will be willing to make longer term real estate decisions which will drive future demand for leased properties.

In addition to the above, the Property is consistent with Goodman Group's existing strategy since:

- the Property lies within the current targeted industrial nodes of inner south east Melbourne. This is one of the key areas previously identified by Goodman Group as a future growth corridor and an area attractive to existing Goodman Group customers
- the developable land is predominantly earmarked for industrial and business park related development, both of which are within Goodman Group's identified target areas. The Property also has existing and future zoned retail precincts
- the currently proposed development profile will allow Goodman Group to build on its existing commercial momentum at the Property which includes its activities at the Chifley Business Park where it has been involved since 1999.

Whilst the site also includes non-core elements, such as the operational airport and related aviation tenancies and a retail component, the Group has plans to mitigate these exposures through the management agreement with Goodman Holdings and future divestment of non-core retail improvements.

Aligns interest of Goodman Group's chief executive officer and securityholders

If the Proposed Transaction were to proceed, the vendors' interests in Goodman Group, direct and indirect, would be approximately 3.4% on an undiluted basis (2.8% on a fully diluted basis). Furthermore, the terms of the Proposed Transaction are such that Mr Greg Goodman's interest in the Consideration is aligned with the securities escrowed for five years. Based on investor soundings this is seen as an important mechanism in further aligning Mr Greg Goodman's long term interests with those of the securityholders in Goodman Group.

As the Property will be undergoing significant development in the coming years, the Proposed Transaction will eliminate any perceived conflicts of interest going forward between MAC and Goodman Group in respect of identifying tenants for these developments.

Disadvantages of the Proposed Transaction

Increased exposure to non-core aviation and retail activities

Following completion of the Proposed Transaction, Goodman Group will acquire the head lease of Moorabbin Airport and as such will assume responsibility for the aviation operations at the site outlined in Section 3.3.2. This component of the Property (which comprises approximately 50% of the land by area and 11% by value) is not consistent with Goodman Group's core strategy and competencies.

Goodman Group has developed a strategy to mitigate the exposure to the non-core aviation operations through a management arrangement with the incumbent operator. Under the proposed arrangement these functions would be performed by Goodman Holdings for a period of 10 years (breakable by Goodman Group at the end of three and six years with six months notice). Goodman Holdings would be required to pay Goodman Group $1.7 million per annum, in line with the profits generated in FY10, (subject to fixed 3% increases per annum) for the right to manage the aviation operations of the Property and receive any profits generated as well as provide a $10 million guarantee in favour of Goodman Group to be drawn against in the event of non-performance. Goodman Holdings would be required to take out the necessary insurance coverage to meet regulatory requirements.

Airservices Australia (**ASA**) and the Civil Aviation Safety Authority (**CASA**) are responsible for air traffic management and safety of the aviation activities.

Whilst this will minimise direct exposure, the Group will still retain overall responsibility for the aviation operations as head lessee of the Property.

The Group will also acquire retail improvements on the Property which are not part of its core operations (comprising approximately 5% to 10% by value[7]). Goodman Group management have proposed a strategy whereby the Group will, in the medium term, dispose of its interest in the above ground improvements and retain its interest in the below ground land asset. Possible acquirers of the above ground improvements include long term investors or owner occupiers. It is expected that the sale of any non-core retail properties would be value neutral compared to the price paid as part of the Proposed Transaction. However, the prices achieved are uncertain and may expose the Goodman Group to some downside or upside compared to the prices at which these assets are to be acquired.

The existence of non-core activities on large estates such as the Property is common due to the mixed use nature of these large integrated estates.

[7] Approximate value of above ground retail improvements

Regulatory risk

As part of the Proposed Transaction the Goodman Group will be subject to additional regulatory risks. In particular:

- following Goodman Group's acquisition of the Property, it will be required to comply with the requirements of the *Airports Act 1996 (Division 3)* **(Airports Act)** which limits foreign ownership of an airport-operator to 49%. Goodman Group will be required to implement the necessary measures to ensure compliance with this obligation
- as the head lessee of the Property, Goodman Group will be required to submit and adhere to the requirements of future master plans in relation to the Property. These plans outline the future operation and development of the Property over a 20 year horizon and are required to be approved by the Commonwealth minister responsible for Infrastructure, Transport, Regional Development and Local Government on a five year cycle. Future master plans may alter the operation of the Property and have an impact on the mix of future aviation and development authorities on the site.

Other considerations

Other considerations of the Proposed Transaction include:

- ***Goodman Group will incur transaction fees in the order of $13 million.*** It is anticipated that the Group will incur $11 million in stamp duty from the acquisition of the Property (consistent with a normal acquisition in Victoria) and a further $2 million in due diligence costs and advisor fees. It is noted, however, that if the funds earmarked for the Proposed Transaction were used to acquire development land or other investment assets it is likely that a similar level of transaction costs would be incurred
- as part of the Proposed Transaction, Goodman Group is obtaining a tax opinion in respect of the tax status of the payments to be received pursuant to the Airport Management Agreement with Goodman Holdings which is dependent on approval from the Commonwealth Government. This opinion is expected to be received subsequent to the date of this IER. Whilst it is expected that this opinion will be in Goodman Group's favour, to the extent that an unfavourable tax opinion is received the Proposed Transaction will not proceed.

Conclusion

On balance, in our opinion, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction is fair and reasonable to Non-Associated Securityholders. An individual securityholder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt the securityholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which follows and sets out our scope and findings.

Yours faithfully
DELOITTE CORPORATE FINANCE PTY LIMITED

M. Pittorino | R Foley-Lewis

Mark Pittorino
Director

Rachel Foley-Lewis
Director

Note: All amounts stated in this report are in Australian dollars ($) unless otherwise stated, and may be subject to rounding.

Contents

Appendices

1 Terms of the Proposed Transaction

1.1 Summary

On 16 August 2010, Goodman Group announced a transaction whereby it would acquire all of the equity in MAC from the vendors, including Goodman Holdings, an entity beneficially owned by Mr Greg Goodman and Mr Patrick Goodman, which has a 66.7% interest in MAC. MAC's primary asset is a long-term leasehold granted by the Commonwealth Government of Australia over Moorabbin Airport which was independently valued at $201.5 million as at 31 July 2010. As consideration Goodman Group will issue 225.4 million Goodman Group securities, one third of which is to be held in escrow for a period of two years and the remainder held in escrow for a period of five years plus $35 million of vendor finance payable three years after settlement.

On completion of the Proposed Transaction Goodman Group proposes to enter into an Airport Management Agreement with Goodman Holdings where Goodman Holdings would manage the aviation operations at the Property. These are currently managed by MAC and under the proposed arrangement Goodman Holdings would pay Goodman Group $1.7 million per annum (subject to fixed 3% increases per annum).

The terms of the Proposed Transaction are such that Mr Greg Goodman's interest in the Consideration is aligned with the securities escrowed for five years.

If the Proposed Transaction proceeds:

- Goodman Group will hold a 100% indirect interest in MAC and will effectively become the head lessee of Moorabbin Airport from the Commonwealth Government of Australia
- the vendors will hold approximately 3.4% of Goodman Group's outstanding securities on an undiluted basis
- Goodman Group proposes to enter into a 10 year Airport Management Agreement pursuant to which Goodman Holdings would undertake the aviation related functions (previously performed by MAC). As part of this arrangement Goodman Holdings would pay Goodman Group $1.7 million per annum (subject to fixed 3% increases per annum) in exchange for an entitlement to all aviation revenues and responsibility for all aviation expenses. Goodman Group would retain step-in rights to the operation of the aviation activities and Goodman Holdings would indemnify Goodman Group against any claims related to the aviation activities.

Goodman Group intends to continue the current development of the Property following the completion of the Proposed Transaction in accordance with the current approved airport master plan. Goodman Group also intends to manage the existing non-aviation ground tenancies pertaining to predominantly existing ground leases.

In addition to approval by Non-Associated Securityholders, the main condition precedent to the Proposed Transaction is the receipt of approval from the relevant government and regulatory authorities.

2 Scope of the report

2.1 Purpose of the report

ASX Listing Rule 10.1 requires a listed entity to obtain securityholder approval before it acquires a Substantial Asset from, or disposes of a Substantial Asset to, an entity that is a related party (or is in a position of substantial influence). Pursuant to ASX Listing Rules 10.1 and 10.10, the listed entity undertaking the transaction must prepare a notice of meeting containing a report by an independent expert stating whether the proposed transaction is fair and reasonable to securityholders whose votes are not to be disregarded.

Mr Greg Goodman and Mr Patrick Goodman, through Goodman Holdings, are significant shareholders in MAC and are also directors of Goodman Group. Whilst the acquisition of Goodman Holdings' interest in MAC is not deemed to be a Substantial Asset of Goodman Group, the Independent Directors of Goodman Group have requested Deloitte Corporate Finance to prepare an IER as if it was required pursuant to ASX Listing Rule 10.1 advising whether the Proposed Transaction is fair and reasonable to Non-Associated Securityholders.

This report is to be included in the Notice of the Meeting to be sent to Goodman Group securityholders for the purpose of seeking their approval of the Proposed Transaction, and has been prepared for the exclusive purpose of assisting Non-Associated Securityholders in their consideration of the Proposed Transaction. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

2.2 Basis of evaluation

2.2.1 Guidance

Neither the ASX Listing Rules nor the Corporations Act provides a definition of fair and reasonable for the purposes of ASX Listing Rule 10. In evaluating whether the Proposed Transaction is fair and reasonable to the Non-Associated Securityholders we have considered the ASX Listing Rules, ASIC Regulatory Guides (in particular Regulatory Guide 111 (**RG 111**) in relation to the content of independent expert's reports) and common market practice.

ASX Listing Rule 10 can encompass a wide range of transactions. Accordingly, fair and reasonable must be capable of broad interpretation to meet the particular circumstances of each transaction. This involves judgement on the part of the expert as to the appropriate basis of evaluation to adopt given the particular circumstances of the transaction.

RG 111 provides guidance in relation to the content of IERs prepared for various transactions. It does not provide specific guidance on the form and content of reports prepared in respect of related party transactions. RG 111 provides general guidance that an expert, in deciding the appropriate form of analysis for the report, should ensure that reasonably anticipated concerns of the people affected by the proposed transaction are adequately dealt with.

2.2.2 Fair and reasonable

In our opinion the most appropriate basis on which to evaluate whether the Proposed Transaction is fair and reasonable is to consider the overall effect of the Proposed Transaction on the Non-Associated Securityholders and to form a view as to whether the expected benefits to the Non-Associated Securityholders outweigh any disadvantages that may result from the Proposed Transaction. In undertaking our analysis we have considered:

- the fair market value of MAC and the Consideration to be paid by Goodman Group in exchange for all of the outstanding share capital in the holding entities of MAC
- the financial impact of the Proposed Transaction. In particular the impact on earnings, gearing and other key financial metrics of Goodman Group following the completion of the Proposed Transaction
- the other terms of the Proposed Transaction and their impact on Non-Associated Securityholders
- other factors such as the relevance of the Property to Goodman Group's current strategy and any other advantages or disadvantages of the Proposed Transaction.

Fair market value is defined as the amount at which assets or shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations which could only be enjoyed by the special purchaser. Our valuation analysis has not been premised on the existence of a special purchaser.

2.2.3 Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Securityholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent advisor.

2.3 Limitations and reliance on information

The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 4.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (**APESB**).

Our procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

3 Profile of MAC

3.1 Overview

The Property is located on a 294 hectare (**ha**) site, approximately 21 kilometres (**km**) south east of the Melbourne central business district (**CBD**). The site is bounded by Centre Dandenong Road to the north, Boundary Road to the east, Lower Dandenong Road to the south and Grange Road and Bundoora Parade to the west.

An overview of the history of the Property is provided in Figure 2 below.

Figure 2: Moorabbin Airport history

1946	• The 294 ha site, previously used for market gardens, was acquired by the Commonwealth Government and allocated for the construction of an airport
1949	• The airport was opened
1955	• The Royal Victorian Aero Club (RVAC) and Arthur Schutt were among the first tenants. Other tenants included Brain and Brown Airfreight, Super Spread crop-dusting and Flinders Island Airways
	• The aircraft movements reached 65,000 a year, mostly by the RVAC
1966	• Some of the runways and taxiway areas were asphalted, which increased traffic movements to 300,000 per annum
1971	• The industrial / factory area to the south was developed
	• Extensive runway development was completed
	• Aircraft movements decreased to around 250,000 per annum due to adverse economic conditions
1977	• New hangars were constructed as the aircraft population of the airport increased to over 400. Economic growth and government subsidies of aviation increased traffic movements to 327,000 per annum
1990	• Loss of government subsidies forced the airport to commence non-aviation property developments
1992	• Opening of the Fairways Leisure Market (now Direct Factory Outlets) on the northwest corner of the airport site, the BP service station on the southeast corner and the Steakcave restaurant on the northeast corner
1998	• In June 1998 MAC purchased a long-term lease over the Property from the Commonwealth Government of Australia
1999	• Goodman Group signs development agreement for the development of the Chifley Business Park
2000	• Opening of Chifley Business Park
2004	• Opening of Kingston Central Plaza
2006	• Moorabbin Airport received the 'Regional Airport of the Year 2006' award for the development of long term programs to attract youth to aviation
2010	• Moorabbin Airport master plan 2009 approved by Federal Minister for Infrastructure, Transport, Regional Development and Local Government

Source: Moorabbin Airport web site, Goodman Group management

Moorabbin Airport is a General Aviation Aerodrome Procedures airport, which allows for high volume movements of light aircraft. At present there is one airline that provides up to 12 scheduled passenger flights per week to regional Tasmania. Currently, there are three other primary airports servicing Melbourne namely Tullamarine, Avalon and Essendon.

As set out above, since acquisition of the lease by MAC in 1998, significant commercial improvements have been made on the site, in particular the development of Chifley Business Park and Kingston Central Plaza which have created significant tenant demand for the site. These improvements would not have been possible without the creation and implementation of the master plan for the Property which currently allows for another 73 hectares of development.

While the Property is an operational airport facility, the majority of the Property's revenue and earnings are derived from property activities, primarily rental income from industrial properties and bulky goods retail properties. In addition, significant development potential exists on the site through 73 hectares of developable land with a range of approved uses.

The following table presents key statistics for the Property.

Table 6: Key statistics

Title	Leasehold
Leasehold commencement date	19 June 1998
Leasehold expiry date (with a lessee option to extend for a further 49 years)	19 June 2048
Site area (ha):	294
Airport and related facilities	*171*
Chifley Business Park	*37*
Retail	*13*
Vacant land	*73*
Distance to CBD (km)	21

Source: Goodman Group management

Developments surrounding the Property comprise commercial, industrial, residential and mixed-use properties with a strong history of business parks and industrial estates in the area, however, due to recent growth in the inner south east corridor, there is limited supply of developable land in the area. Recently, the Property has benefited from infrastructure upgrades to local freeways which are now linked to the recently constructed Eastlink Freeway.

3.1.1 Details of the lease

In 1998, MAC, in which the Goodman Family has a 66.7% interest, entered into a long-term head lease with the Commonwealth Government of Australia to own and operate the site for a period of 99 years, inclusive of a 49 year option term (**Head Lease**). The Head Lease is the primary document entered into between the Commonwealth Government of Australia as lessor and MAC as lessee, which passes all use and operational rights to MAC. The key terms of the Head Lease include[3]:

- initial term of 50 years ending June 2048 with a 49 year option at the lessee's election. The option to renew the Head Lease for a further 49 years must be notified to the lessor during the 40th year (i.e. 2038)
- the lessee must provide for the airport precinct to be used as an airport and must allow the landing and take-off of state and interstate aircraft
- the lessee must maintain the precinct in good and substantial repair expected of such an airport in Australia. This includes the runways, taxiways, pavements and those parts essential for the operation of the airport

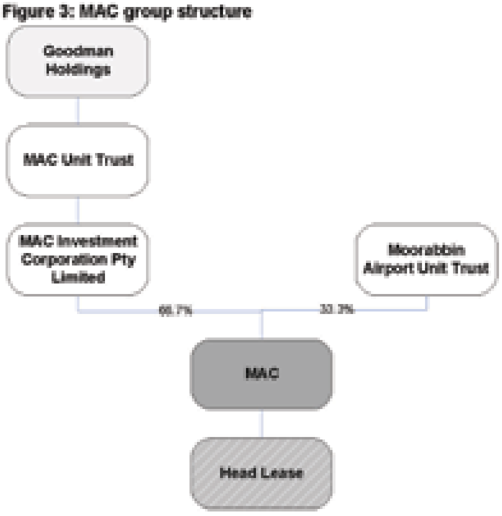
[3] Head Lease for Moorabbin Airport – 18 June 1998

- the lessee must, at its own expense, obtain and maintain at all times licences and approvals to operate the site
- the lessee must, at its own expense, obtain and maintain insurance cover on terms and conditions acceptable to the lessor, over the Property including runways, taxiways, pavements, buildings and improvements related to the operation of the airport
- the lessor can terminate the Head Lease in those instances where the airport operation licence has been cancelled or suspended or if the lessee does not allow the site to be used as an airport. Rectification notice periods apply in these instances.

3.2 Legal structure

Figure 3 below sets out a simplified group structure for MAC.

Figure 3: MAC group structure



Source: Goodman Group management

3.3 Overview of operations

The primary activities of the Property are aviation and property related activities, both of which are discussed further below.

3.3.1 Property related activities

The Property has established a mix of aviation and business precincts across the site to diversify its operating cash flows. In accordance with this strategy the land surrounding the airport operations has been developed to accommodate approximately 120 tenants. There are 50 aviation related and 11 flight training organisations and a range of commercial, business and retail premises.

The following figure sets out the location of the main precincts at the Property.

Figure 4: Main precincts at the Property

Investments Development Aviation activities

Source: Goodman Group company announcement

These precincts are arranged on the following basis:

- **airfield and aviation support:** the largest portion of the site is allocated for the five runways. The territories indicated as Moorabbin Airport in the figure above contain aviation activities such as the control tower, radio masts, plane and helicopter hangars and associated open areas
- **business park:** Chifley Business Park incorporates industrial and commercial office land use with warehouses and campus-style office activities
- **retail precincts:** this precinct includes Direct Factory Outlets (**DFO**), Kingston Central Plaza with parking for 420 vehicles and other retail activities, a service station complex and associated car parking
- **developable land:** vacant land parcels nominated as development precincts consisting of approximately nine separate sites located within four precincts.

The majority of the buildings and premises located on the site are owned by the tenants with a small portion retained by MAC. In these instances the owners of the buildings or tenants pay a ground rental charge to MAC. These buildings are mostly occupied by flying schools and businesses providing aviation support.

Significant parcels of developable land are available on the Property, in particular nine sites have been identified for further development for a range of uses, particularly for industrial and commercial uses.

The largest site is adjacent to the Chifley Business Park and terms have been agreed with a blue chip customer for a 5 ha land area development on this site.

Development agreement with Goodman Group

In 1999, MAC and Goodman Group entered into a Development Management Agreement (**DMA**) for the development of the Chifley Business Park.

Under the DMA the Goodman Group has the right to develop Chifley Business Park, and in return earn any profit generated from development transactions, while MAC would receive ground rentals from Chifley Business Park tenants, being the Goodman Australia Industrial Fund (**GAIF**).

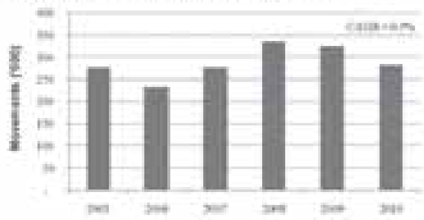
According to the terms of the DMA, the Goodman Group does not pay any upfront costs or any ground rentals until it has completed the above-ground development. However, the Goodman Group must contribute towards the infrastructure development of the Chifley Business Park, and such infrastructure costs are then reimbursed by MAC to the Goodman Group when the land begins to generate income (i.e. when leases are signed with tenants).

3.3.2 Aviation related activities

Moorabbin Airport is the fourth busiest airport in Australia by aircraft movements, after Jandakot Airport in Western Australia, Bankstown Airport in Sydney and Kingsford Smith Airport in Sydney, with 282,734 aircraft movements during the year ended 30 June 2010[4].

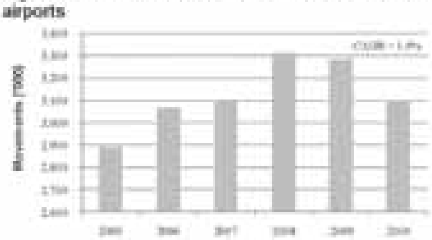
The Property's historical aircraft movements over 2005 to 2010 and total aircraft movements in Australia are set out in the figures below.

Figure 5: Moorabbin aircraft movements



Source: Airservices Australia

Figure 6: Total aircraft movements across Australian airports



Source: Airservices Australia

Of the aircraft located at the Property, a total of 15 twin engine and 90 single engine aircraft are registered to, or operated by, flying schools. In addition, 15 twin engine and 30 single engine aircraft are owned by individuals and are regularly cross-hired to flying schools. Approximately 12 helicopters located at the Property are primarily used for flight training. The aeronautical activities conducted at the Property generally comprise corporate and general flying and pilot training.

MAC is responsible for management of the operational airport and aviation related tenancies, and works closely with ASA, a government owned corporation, which provides air traffic management and aviation rescue and fire fighting services to the industry. CASA is responsible for the enhancement, maintenance and promotion of the safety of civil aviation in Australia. The table below provides a summary of key responsibilities for CASA, ASA and MAC regarding the aviation operations at the Property.

[4] Airservices Australia

Table 7: Key responsibilities regarding aviation operations at the Property

Party	Key responsibilities
MAC	• maintenance of runways, taxiways, pavements, aprons, navigation aids, hangars, bird canons and curtilage • obtain and maintain licences and insurance cover in relation to the operation of the airport • operate an airport from the Property and comply with requirements under the Airports Act.
CASA	• conduct safety regulation of civil air operations in Australia • maintaining and regulating all aviation safety and security legislation and airport procedures • designing, constructing, equipping and maintaining air traffic control facilities.
ASA	• co-ordination of all runway take offs, landings and associated taxiway movements including assessing runway navigation aids • co-ordination of all aircraft in the Moorabbin airspace including control tower ownership, management and procedures design • provide aviation rescue and fire fighting services.

Source: Goodman Group management, Deloitte Corporate Finance analysis

Tenants

The following table sets out details of the main sub-leases and tenants at the Property:

Table 8: Property portfolio of Moorabbin Airport

Precinct	Tenant	Lease description
Aviation support	Various flying schools and related business	Mostly long-term tenants on month to month leases *Ground:* the rent charge is at market rates for majority of the contracts, although some are Consumer Price Index (**CPI**) adjusted and a few are on a fixed term *Buildings:* most of the rent charges are at market rates. However, the rent charges for this type of building are mainly below the average office rents *Aprons:* an apron licence is granted instead of a formal lease. The apron licences are attached to or embedded in a concrete hangar building lease or site lease[1], and a rate of 50% of the adjoining site lease rental is generally applied.
Non-aviation ground leases	DFO	Ground lease to 2014 with two further 10 year options
	Oz fuel	Current ground lease expires in September 2010 with five year option which has been exercised. Adjusted commencing rent for the option period is expected to be determined in October 2010
	BP Australia	Ground lease expires in October 2014
Kingston Central Plaza	Aldi	Expires in May 2019, at market or CPI adjusted
	Sam's Warehouse	Expires in April 2016, CPI adjusted
	The Good Guys	Expires in July 2015 but has two seven year options
	Other retail tenants	Various arrangements with market rental rates
Chifley Business Park	GAIF	Expires in June 2048, rental fees are revised every five years in line with market rates and CPI annually. Option to extend for 49 years.

Source: CBRE Report

Note 1: We understand that issuing licences instead of lease agreements gives the Property flexibility in case of changes in air safety regulation requirements in terms of clearance distance between aircraft, taxi and aircraft parking areas.

The following is noted in relation to the various lease terms:

- the lease agreements generally have standard commercial lease terms and conditions
- rentals are typically reviewed on an annual basis and adjusted by either CPI or a predetermined percentage increase, with regular market rental reviews
- generally the lessees are responsible for the payment of all service charges, operating costs and outgoings
- for all ground leases, improvements are built and maintained by the lessee. Generally at the election of MAC the lessees must either remove the improvements upon expiry otherwise all building improvements are deemed to transfer to MAC. The lessee is responsible for all costs associated with removal.

Vacancy rates

The following table summarises the lettable area statistics for the developed property at the Property

Table 9: Lettable area statistics (as at 31 July 2010)

	Net Lettable area (sqm)	Vacancy rate (%)	Weighted average lease expiry (years) excluding option
Aviation Support			
Ground leases	36,950	n/a	5.08
Buildings	7,499	n/a	1.75
Aprons	15,918	n/a	5.20
Monthly[1]			
- Ground leases	13,233	n/a	n/a
- Building leases	7,056	n/a	n/a
- Aprons	10,001	n/a	n/a
Vacant (aviation support)	488	n/a	n/a
Non-aviation ground leases	91,568	0.0	11.94
Chifley Business Park	332,594	11.5[2]	37.90
Kingston Central Plaza	9,451	0.0	4.00

Source: CBRE Report

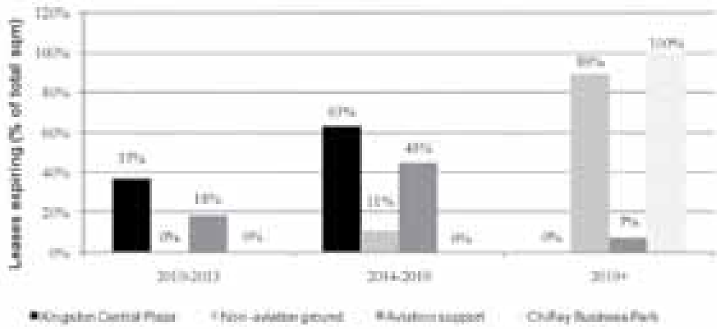
Notes

1. Refers to tenants occupying premises under a monthly or holdover position
2. Refers to vacant land not subject to ground sub-leases

Lease expiry profile

The following figure shows the lease expiry profile for the business/commercial and retail precincts.

Figure 7: Lease expiry profile



Source: CBRE Report and Deloitte Corporate Finance analysis

Note: 1. Some Aviation support tenancies are provided under a monthly rental agreement

There is a long dated weighted average lease profile for the non-aviation related leases. Many of the aviation-related tenants are long-term lessees who are now on monthly rental agreements. In general, the long-term leases in place are revised every five years, giving MAC the opportunity to make

23

Deloitte: Goodman Group – Independent expert's report adjustments in accordance with changes in market rental rates together with fixed or CPI rental increases in between.

3.3.3 Regulation

As an airport operator company, MAC's activities are regulated by the Airports Act which was put in place at the time of disposal of all Commonwealth owned airports and designed to outline the rights and obligations of all airport owners/lessees. Key aspects of the Airports Act include:

- the lessee has a statutory obligation to retain the airport as an airport
- all reasonable steps must be taken to ensure that a foreign person or group of foreign persons hold less than a 49% stake in the airport and that an airline does not hold a stake in excess of 5%
- the operator company must ensure central management and control is exercised in Australia and a majority of directors are Australian citizens or foreign citizens ordinarily resident in Australia
- a master plan is to be provided every five years for approval by the Minister for Infrastructure, Transport, Regional Development and Local Government **(the Minister)**. The master plan sets out a long-term plan for the operation of the airport and the development of the surrounding land
- development may be carried out if it is in accordance with the master plan and approved by the Minister.

The MAC master plan

The developments of the Property are currently governed by a master plan which was approved by the Minister in July 2010. The master plan is required to be re-submitted every five years and covers a planning horizon for the next 20 years.

Due to its Commonwealth Government ownership, the Property is not subject to Victorian planning controls. Instead the land use planning for the Property is governed by each successive master plan, which under the Airports Act must disclose the extent of consistency (if any) with any planning schemes in force under State law. Accordingly, land use and development proposals for the Property are submitted to MAC as the approval authority. We note that, under the Airports Act significant developments may be deemed a major airport development, which would require a development plan approved by the Minister.

Under the Head Lease and the Airports Act, the Property land is segregated into three Special Use Zones **(SUZ)** which restrict the purpose for which the land is used as follows[5]:

- **SUZ 1, 'Airside' land:** for the use and development of land to be used for aviation operations only
- **SUZ 2, commercial development:** for the use and development of land for aviation-related uses including commercial, retail business and office uses and to establish business precincts
- **SUZ 3, commercial and retail activity:** for the use and development of land for a range of retail and commercial uses.

SUZ 1, which represents the aeronautical activities, constitutes approximately 50% of the site by area. The remainder of the Property is designated as available for development under land zoning requirements within the current master plan.

In the event that a future master plan is not approved, the prevailing master plan remains in force.

[5] Moorabbin Airport 2010 master plan

The White Paper

The Commonwealth Government released the National Aviation Policy White Paper (**White Paper**) on 16 December 2009 which considered, amongst other things, future policies and procedures to 2020 and beyond regarding non-aeronautical development at regulated airports such as Moorabbin Airport.

The White Paper indicates that the Commonwealth Government is carefully considering changes to the legislation governing airports, and in particular non-aeronautical development at airport sites, to restrict the commercialisation of airport land at the expense of airport operations.

Some of the key points from the White Paper include:

- the requirement for future master plans to focus on aviation development and the requirement for future developments with significant community concern to pass through a major development plan assessment process involving the Commonwealth Government
- the plan to strengthen planning arrangements, including coordination between different levels of government, and require greater transparency on intended land uses and developments at airports
- proposals for non-aeronautical development will be closely scrutinised through the formation of specialist (and in some cases independent) committees to assess developments. There will be a particular focus on developments which are not compatible with the optimal use of the airport for aviation purposes
- providing a power for the government to call for additional detail in precinct plans for areas which have been proposed for non-aeronautical development.

MAC has received approval for its latest master plan in July 2010, after the release of the White Paper. A number of the items raised in the White Paper were incorporated into the latest master plan and were taken into consideration by CBRE in preparing their valuation of the Property.

3.4 SWOT analysis of the Property

The table below sets out the strengths, weaknesses, opportunities and threats (**SWOT**) for the Property.

Table 10: SWOT analysis for the Property

Strengths	Weaknesses
• experienced management team • diverse and high quality tenant base • long term tenancy agreements with periodical revisions of rent charges • scarcity of similar sites in the area which attract retail, industrial and aeronautic users • site location provides access to transport infrastructure and is in close proximity to the Melbourne CBD • site surrounded by residential, commercial and industrial development • well developed infrastructure network • minimal risk and minimal capital expenditure associated with ground leases • size of site allows for development of a number of projects simultaneously • ASA and CASA are responsible for ensuring safety space of the site through oversight of air traffic control and civil aviation safety, respectively.	• leasehold structure may limit sub-division and other activities compared to freehold ownership • lack of premium over market being charged for airside property • constraint in providing infrastructure for large aircraft types • significant capital expenditure required to implement Regular Passenger Transport (**RPT**) services • some vacant parcels of land are not well located • aviation operations currently loss making.
Threats	**Opportunities**
• economic downturn which could result in reduced aeronautical movements and rental rates • retail competition for Kingston Central Plaza in the surrounding areas • execution risk associated with large-scale development on the site • strengthening Australian dollar may reduce attractiveness of training at Moorabbin Airport for foreign students • increased regulation reducing aeronautical activity and/or increasing aeronautical administration costs.	• potential upside for aeronautical operations through future development of RPT • increasing residential density lifting demand for retail, commercial and industrial precincts • repositioning of DFO lease and Kingston Central Plaza retail precinct • airport operations could be closed or relocated in long term due to increasing residential density.

Source: Deloitte Corporate Finance analysis

3.5 Financial performance

The unaudited income statements of MAC for the financial years ended 30 June 2009 and 30 June 2010 are summarised in the table below.

Table 11: Income statement of MAC

	Unaudited 30 June 2009 ($'000)	Unaudited 30 June 2010 ($'000)
Aviation income	2,438	2,630
Property development income	4,830	3,400
Property commercial income	1,797	1,852
Other operating income	141	236
Total revenue	**9,206**	**8,118**
% Growth	*n/a*	*(12)%*
General expenses (including management fees)	(4,010)	(6,689)
Employee benefits	(1,514)	(1,572)
Other expenses	(917)	(778)
Total expenses	**(6,441)**	**(9,039)**
EBITDA	**2,765**	**(921)**
Depreciation and amortisation	(1,086)	(1,069)
Interest expenses	(984)	(1,200)
Net profit before tax	**695**	**(3,190)**

Source: Goodman Group management

We make the following comments in relation to the above income statements:

- a large portion of revenue is earned from aviation and property related activities with aviation revenues typically driven by specific aircraft movement and storage charges as well as the rental charges from aviation tenancies at the Property. Property development and commercial income relates to ground rental and development fees charged on the non-aviation aspects of the Property
- expenses are predominantly made up of general expenses (approximately 68%) inclusive of an administration fee of approximately $6.2 million payable to MAC's shareholders for management services, and employee benefits (approximately 20%)
- whilst MAC has reported an accounting loss for FY10, the majority of this pertains to management fees paid to MAC shareholders which will not be continuing if the Proposed Transaction proceeds. EBITDA excluding management fees for FY09 and FY10 was $6.1 million and $5.3 million, respectively.

3.6 Other assets and liabilities

A summary of MAC's other net assets excluding the Property and debt as at 30 June 2010 is presented in the table below.

Table 12: MAC other net assets

	Unaudited 30 June 2010 ($'000)
Cash and investments	1
Receivables	103
Other assets	893
Other liabilities	(630)
Other net assets	**367**

Source: Goodman Group management

3.7 Strategy and outlook

As discussed above, the master plan provides a framework for MAC's long-term strategy for the operation of the airport and the development of the surrounding land.

Non-aviation related

As the majority of the income producing properties on the site are fully tenanted around market rates, income growth from this aspect of the operations will be driven by:

- market rent reviews. The majority of existing tenants are at or near market rents, however, growth will be achieved from market reversion for some significant tenancies at Chifley Business Park as well as DFO in the short-term
- development and leasing of the vacant lots at Chifley Business Park.

In addition, further commercial development of the Property is expected to contribute to growth as significant demand for commercial land is expected as the surrounding area is land-constrained as a result of residential encroachment. The large amount of developable land on the site is expected to be commercially developed in the near future including the following:

- a 5 ha retail development on the corner of Dandenong Road and Boundary Road, comprising 14,538 sqm of proposed gross lettable area which would include a supermarket and other retail tenancies as well as 660 parking spaces. Lease terms, have been agreed based on a 20 year term (and 15 year option), subject to execution
- including this development, there is approximately 73 ha of industrial and mixed use developable land spread across a number of the precincts on the site.

Airport and aviation related

The Government is expected to support development and maintenance of airport operations, considering the Melbourne 2030 Planning for Sustainable Growth Report indicates potential aviation growth at Moorabbin Airport if operations at Essendon airport were closed or reduced.

In addition to the general aviation operations, MAC has the option to introduce RPT services. MAC has set out the necessary technical requirements which would need to be met to develop a RPT business in the current master plan. However, currently the RPT business is considered to be a long-term opportunity, rather than part of the Property's short to medium-term strategy and would only proceed if commercially viable.

A long term (in excess of 20 years) Australian noise exposure forecast of 500,000 aircraft movements per annum is provided in Moorabbin Airport's current master plan. This forecast includes 12,500 jet aircraft RPT movements and is below the Property's capacity of approximately 600,000 movements per annum.

4 Profile of Goodman Group

4.1 Introduction

Goodman Group is listed on the ASX as a stapled security comprising a share in Goodman Limited **(GL)** and a unit in Goodman Industrial Trust **(GIT)**. GIT was initially listed on the ASX in 1995 as a focused industrial property trust and since this time through expansion, a series of acquisitions and stapling to GL has grown to become a leading investor, developer and fund manager in the industrial property sector with operations in Australia, New Zealand, the United Kingdom, Continental Europe and Asia. Over time the Group has retained its focus on business parks, office parks, industrial estates and warehouse and distribution centres.

As at 30 June 2010, Goodman Group had approximately $16.2 billion of assets under management **(AUM)**[6], primarily across its core divisions of investment, development and funds management.

4.2 Principal activities

Goodman Group's principal activities are aligned across its integrated business divisions, each of which is discussed in further detail below.

4.2.1 Investment

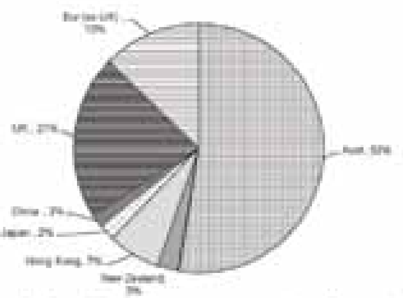
Goodman Group's investment activities comprise both direct investment in strategic assets and cornerstone investments in its managed funds. This co-investment process, in which Goodman Group typically looks to take a 20% interest, is a key differentiating factor as it aligns the Group's investment objectives with that of its investors. As at 30 June 2010, the Group's key investments include:

- **direct investment:** Goodman Group has an interest in 43 properties valued at $2.3 billion across Australia (82%) and Europe (18%)
- **cornerstone investment:** Goodman Group holds a cornerstone investment in 10 of its managed funds valued at $2.4 billion with the most significant being a $1.1 billion investment in Goodman Australia Industrial Fund.

Goodman Group's direct investments are primarily located in Australia with its geographic exposure on a look-through basis summarised in the figure below.

[6] Includes $12.6 billion of external AUM and $3.6 billion of direct property balance sheet AUM.

Figure 8: Goodman Group's geographic diversification as at 30 June 2010



Source: Goodman Group company announcements and presentation

Note:
1. Book value (on a look through basis) as at 30 June 2010 excluding development assets

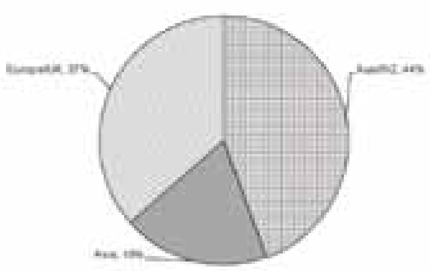
4.2.2 Management

Funds Management

At 30 June 2010 Goodman Group managed 11 funds with total assets of approximately $12.6 billion. During the financial year to 30 June 2010, Goodman Group launched four new managed investment vehicles in the United Kingdom (UK), Europe, China and Australia with $1.1 billion of committed equity.

The majority of Goodman Group's funds under management are represented by unlisted funds as set out in the figure below.

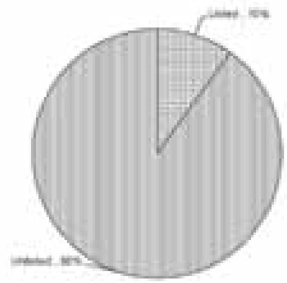
Figure 9: Third party AUM by region ($'billion) as at 30 June 2010



Source: Goodman Group company announcements and presentation

Notes:
1. By book value as at 30 June 2010 excluding $3.6 billion direct property on balance sheet

Figure 10: Third party AUM by market segment as at 30 June 2010



Source: Goodman Group company announcements and presentation

Note:
1. By book value as at 30 June 2010 excluding $3.6 billion direct property on balance sheet

The following table presents the key statistics of Goodman Group's five largest funds which represent approximately 90% of total assets under management.

Table 13: Goodman Group's five largest fund cornerstones

Fund name	Total assets ($'billion)	Properties	Gearing	WALE (years)	Goodman Group interest
GAIF	4.4	107	38.6%	6.4	43.8%
ABPP	2.3	28	52.2%	8.2	35.7%
GELF	1.9	83	53.4%	5.1	38.3%
GHKLF	1.6	15	29.1%	2.7	24.2%
GMT	1.2	21	37.0%	5.8	18.6%

Source: Goodman Group 30 June 2010 annual report

Note: 1. WALE = Weighted Average Lease Expiry

In relation to the funds set out above, we make the following comments:

- **Goodman Australia Industrial Fund:** GAIF is an Australian unlisted property fund with a focus on Australian industrial assets. The fund recently completed a $200 million equity raising and $120 million dividend reinvestment plan to reduce gearing and fund future opportunities. One of GAIF's assets is the sub-lease of Chifley Business Park that is within the Property
- **Arlington Business Parks Partnership (UK) (ABPP):** ABBP is an unlisted UK fund with a focus on UK business parks
- **Goodman European Logistics Fund (GELF):** GELF is a European unlisted fund launched in 2006 which invests in warehouse and logistics properties in recognised and emerging industrial locations in Europe
- **Goodman Hong Kong Logistics Fund (GHKLF):** GHKLF is an unlisted fund that focuses on industrial assets in Hong Kong. The fund is one of the largest industrial landlords in Hong Kong by space available with 15 diversified logistics and warehouse properties. The fund currently has one large scale development project under construction
- **Goodman Property Trust (GMT):** GMT is a New Zealand listed real estate investment trust with a market capitalisation of approximately NZ$0.8 billion making it one of New Zealand's largest listed property trusts. During the last financial year Goodman Group sold 10% of its interest to institutional investors in an effort to move towards its target cornerstone investment of 20%.

In addition to the above, Goodman Group has established the following funds in the past financial year:

- **CBRE Realty Trust (CBRERT) joint venture:** Goodman Group established two co-investment vehicles with CBRERT focused on logistic assets in the UK and Europe. The two joint venture vehicles have been established with a target total investment of over $1 billion in which Goodman Group will retain a 20% interest
- **Canadian Pension Plan Investment Board (CPPIB):** together with Goodman Group established the Goodman Australian Development Fund (GADF) and Goodman China Logistics Holdings Limited (GCLH) in which Goodman Group will retain a 20% interest. GADF and GCLH are targeting $750 million in gross assets in which Goodman Group contributed pre-existing assets as seed capital.

Property Management

Goodman Group's property management team provides services to properties held directly on balance sheet, Goodman Group managed funds and development projects. Goodman Group's in-house services include leasing, maintenance, acquisitions and disposals. Property management is a key component of the own, develop and manage business model. Goodman Group's property management team serves 1,260 customers covering 327 properties comprising 10.3 million sqm of industrial and business space.

4.2.3 Property development

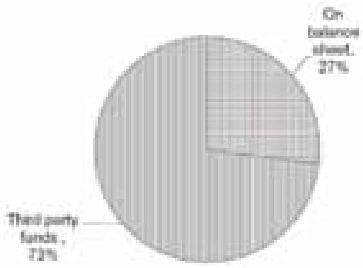
Goodman Group looks to manage all elements of the development process including locating a development site, master planning, development approvals, architecture, engineering, managing customer pre-commitments and project management.

Development of new industrial properties underpins other segments of Goodman Group's business model as completed developments are typically either transferred to a new, existing or special purpose fund or are retained as an investment property on Goodman Group's balance sheet.

As at 30 June 2010, Goodman Group had direct development holdings of $1.2 billion comprising land banks and development-related future cash commitments (development work in progress) spread relatively equally between Asia Pacific and Europe. Approximately $0.6 billion or 51% of existing on balance sheet development holdings are in the Asia-Pacific region.

Goodman Group's current development work in progress (**WIP**) is concentrated across third party funds and related primarily to Asia-Pacific assets. The figures below set out Goodman Group's development WIP by ownership and its recent completion pipeline.

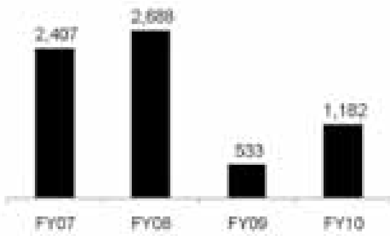
Figure 11: Goodman Group development WIP by ownership structure as at 30 June 2010



Source: Goodman Group company announcements and presentation

Note: 1. By book value as at 30 June 2010

Figure 12: Goodman Group development history – value of development commencements ($'million)



Source: Goodman Group company announcements and presentation

The following table sets out the key statistics of the Goodman Group development portfolio including completions, commitments and development WIP as at 30 June 2010.

Table 14: Goodman Group's development portfolio

	Value ($'million)	Area (million sqm)	Yield	Pre-committed (%)	WALE (years)	Asia Pacific	UK/ Europe
Completions	411	0.5	8.5%	99%	7.6	45%	55%
WIP	1,265	0.6	9.5%	69%	8.9	67%	33%
Commitments	1,182	0.6	9.4%	66%	8.1	68%	32%

Source: Goodman Group company announcements and presentation

As demonstrated in the table above, a large percentage of Goodman Group's developments are constructed to satisfy customer requirements whereby the customer will commit to a development prior to its construction. A large percentage of the Group's development customers are large scale blue chip companies many of which look to Goodman Group to satisfy its property requirements over multiple locations.

At 30 June 2010, Goodman Group reported that it has a $10 billion development pipeline supplied from existing controlled land and going forward is committed to reducing existing land banks.

4.3 Equity structure and securityholders

As at 30 June 2010, Goodman Group had the following securities on issue:

- 6,333.4 million stapled securities comprising one GL share stapled to one unit in GIT
- 36.3 million Goodman Group treasury securities to be issued to employees under the Employee Securities Acquisition Plan (**ESAP**) of which 3.2 million securities were exercisable at 30 June 2010
- 138.3 million employee options issued to employees under the Executive Option Plan (**EOP**) of which 1.1 million were exercisable at 30 June 2010.

Securities on issue have increased from 2,800 million at 30 June 2009 to 6,400 million at 30 June 2010 due to the Group recapitalisation completed in September 2009. On a fully diluted basis Goodman Group had 7,751.4 million securities on issue as at 30 June 2010.

During August and September 2009, Goodman Group undertook a fully underwritten equity capital raising to the value of $1.3 billion from the issue of approximately 3,200 million stapled securities at an issue price of $0.40 per security via an institutional placement and a one for one non-renounceable entitlement offering.

On 16 October 2009, as part of the Group's capital management initiatives, Goodman Group issued $500 million in hybrid securities to China Investment Corporation (**CIC**), a wholly state-owned Chinese investment company. These hybrid securities were classified as a preferred equity interest in Goodman Group and are exchangeable into ordinary securities at varying exercise prices from $0.43 to $0.45 in three tranches over a three year period ending 30 June 2012[7]. As the holder of these hybrid securities CIC is entitled to a 10% per annum coupon until 1 January 2012 and 11% per annum thereafter.

[7] If all CIC hybrid securities were converted into ordinary stapled securities, CIC will have an approximate stake of 18.2% in Goodman Group, and the right to nominate a representative to the Goodman Group board of Directors.

In addition there are 276 million options over ordinary securities issued to CIC that expire in May 2011, which will provide the Group approximately $78 million in proceeds.

The proceeds from the equity raising were used to retire existing drawn debt which reduced gearing from 48% (June 2009) to 25% (June 2010). At the same time Goodman Group also renegotiated a significant portion of both Goodman Group's bank debt facilities and the bank debt facilities of funds managed by the Group.

4.3.1 Securityholders

The securityholders of Goodman Group comprise both institutional and retail investors. Substantial securityholders (greater than 5% interest) are summarised in the table below.

Table 16: Goodman Group substantial securityholders as at 7 September 2010

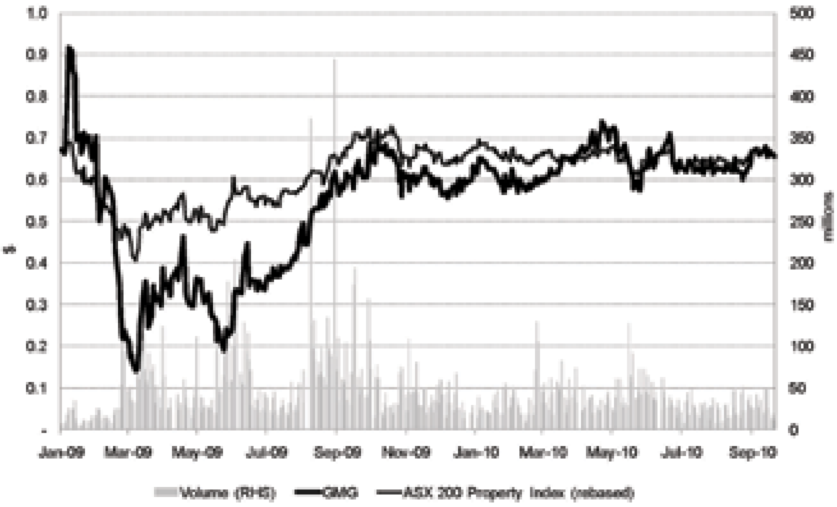
	Number of securities ('000)	Percentage of total issued stapled securities
ING Group	531,652	8.35%
Commonwealth Bank of Australia	408,523	6.41%
AMP Limited	398,688	6.26%
BlackRock Group	326,402	5.25%
Vanguard Investments	304,610	5.02%
Total	*1,969,875*	*31.29%*

Source: ASX announcements

4.3.2 Security price performance

The security price for Goodman Group has recently traded between a low of $0.14 in March 2009 and a high of $0.92 in January 2009. Since the recapitalisation in September 2009, Goodman Group securities have trended in line with the ASX 200 Property Index and traded between $0.56 and $0.74 as can be seen in the figure below.

Figure 13: Goodman Group security activity on the ASX (as at 22 September 2010)



Source: Thomson Reuters, Deloitte Corporate Finance analysis

The Goodman Group security price has generally been correlated to the performance of the ASX 200 Property Index although it declined sharply early in 2009. This could be attributable to the debt position of the Group. Although most property companies experienced significant asset devaluations as a result of the global financial crisis and therefore leverage issues, many recapitalised during this period. Whilst large scale property devaluations and foreign exchange movements caused significant pressure on debt covenants the period was also characterised by banks tightening credit policies regarding gearing and debt exposures. As Goodman Group recapitalised during the latter period of the global financial crisis its security price was impacted more significantly as investors looked to exit riskier, leveraged investments. As can be seen by the above figure, following its capital raising the Group has traded more in line with its peers

The share price has trended upwards since the end of 2009 in light of the following:

- **strengthened balance sheet:** as a result of the capital raising as well as the signing of strategic initiatives with investors such as CIC, CPPIB and CBRERT
- **improved credit standing:** on 29 September 2009, Standard & Poor's released a publication stating that it had affirmed Goodman Group's BBB credit rating and that the Group was no longer on 'CreditWatch' due to the recent capital initiatives undertaken
- **exposure to development and funds management:** the Group's exposure to active development and funds management income, which are typically highly leveraged to market recoveries, relative to more passive income streams such as rental income.

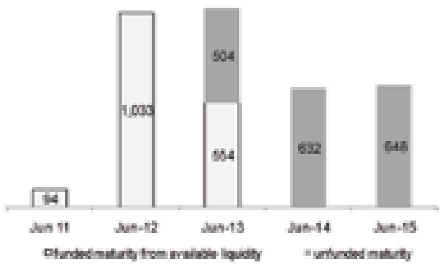
Since the announcement of the Proposed Transaction and the FY10 results (including updated guidance for FY11), the security price has been stable since these announcements were largely in line with consensus expectations.

4.4 Debt structure

Following the above mentioned capital initiatives, the net debt of the Group declined from $4.0 billion as at 30 June 2009 to $1.8 billion at 30 June 2010. A significant portion of Goodman Group's outstanding and undrawn debt is from unsecured facilities. The Group's next unfunded maturity is due during the year to 30 June 2013.

Goodman Group's debt maturity profile is presented in the figure below. This specifically excludes the $1.2 billion of unused facilities as at 30 June 2010. These unused facilities, together with $0.5 billion of cash, provide the Group available liquidity of $1.7 billion.

Figure 14: Goodman Group debt maturity profile (30 June 2010)



Source: Goodman Group 30 June 2010 annual results presentation

The Group is currently operating well within its debt covenants. The key covenants include maintaining:

- a covenant gearing ratio of 60%, which at 30 June 2010 was 32.7%
- an interest cover ratio of at least 2.0x EBITDA which at 30 June 2010 was 3.8x.

On 17 August 2010 the Group obtained additional bank financing to the value of $150 million.

4.5 Financial performance

Goodman Group's actual financial results for the financial years ended 30 June 2009 and 30 June 2010 are summarised in the table below.

Table 16: Summarised financial performance

	Actual 2009 $ million	Actual 2010 $'million
Investment (look through)	534	449
Management	64	54
Development	90	42
Unallocated operating expenses	(24)	(33)
Operating EBITDA (look through)	**664**	**511**
Look through interest and tax adjustment[1]	(155)	(119)
Operating EBIT	**500**	**383**
Net borrowing costs	(91)	(20)
Tax benefit/(expense)	23	(1)
Operating profit after tax (pre minorities)	**432**	**362**
Minorities[2]	(24)	(52)
Operating profit after tax (post minorities)	**408**	**310**
Valuation movements	(1,395)	(669)
Derivative mark to market	(62)	(75)
Non-operating and non-cash items	(70)	(128)
Reported statutory loss	**(1,120)**	**(563)**

Source: Goodman Group company 2010 announcements; results presentation

Notes:

1. Reflects adjustment to Goodman Group proportionate share of fund interest and tax
2. Relates to Goodman Group's outstanding hybrid securities and Goodman PLUS convertible instruments.

Key observations in respect of the financial performance of Goodman Group include:

- investment operating EBITDA decreased by 16% on the previous period due to balance sheet asset and fund sales resulting in lower property incomes and adverse foreign exchange movements. The Group's cornerstone investments have also been exposed to similar market conditions which has contributed to reduced distributions on these investments during the year
- management operating EBITDA declined by 16% driven predominantly by a decrease in funds under management of 12% and adverse currency movements. Also impacting the management business has been the lack of transactional activity within the funds for which Goodman Group would normally charge a fee for service
- development operating EBITDA decreased by 54% on the previous period which was attributable to lower completions (down 80% on the prior 12 month period), a general higher mix of fee for service activities which are typically characterised by lower margins due to the lower risk profile of this type of development and adverse foreign exchange movements

- borrowing costs were down significantly due to the Group's capital raising that paid down a large portion of existing debt balances and offshore component impacted by foreign exchange movements
- assets that were devalued (inclusive of foreign exchange impacts) during the year included investment properties ($210 million), investment properties held by associates/funds ($314 million) and impairment charges ($145 million).

4.6 Financial position

Goodman Group's summarised statements of financial position as at 30 June 2009 and 30 June 2010 are presented in the table below.

Table 17: Summarised financial position

	Actual 2009 ($'million)	Actual 2010 ($'million)
Investments	2,820	2,310
Fund investments	2,733	2,372
Development assets	1,318	1,245
Intangibles	1,125	929
Cash	242	515
Other assets	345	227
Total assets	**8,583**	**7,598**
Net interest bearing liabilities	(4,240)	(2,276)
Other liabilities	(565)	(600)
Total liabilities (net of cash)	**(4,805)**	**(2,876)**
Minorities	(319)	(798)
Net assets (post minorities)	**3,459**	**3,924**
Other metrics		
Reported NTA per security (fully diluted)	$0.85	$0.46
Book value gearing[1]	47.9%	24.9%

Source: Goodman Group company 2010 announcements; results presentation

Note:

1. Calculated as net debt/total assets less cash

We note the following with regards to the above summarised financial position:

- the fall in the value of investment properties was driven by a mix of both property devaluations ($210 million) and asset disposals ($300 million)
- fund investments decreased in the 12 months to 30 June 2010 due to the Group recognising its share of the losses within the funds as discussed in Section 4.5 above. The Group's carrying value of investment funds was also impacted by adverse foreign exchange movements due to offshore assets

- development assets remained relatively stable with a slight decrease driven by the capital management initiatives that were initiated to reduce net cash outflows and a generally lower completion rate during the period and increase in the WIP component
- the majority of balance sheet intangibles relate to goodwill recognised on Continental European logistics businesses (58%), goodwill recognised on United Kingdom logistics businesses (11%) and management rights attached to the business parks in the United Kingdom (20%). The majority of the movement in the intangibles balance related to adverse foreign currency translation ($182 million) as the key geographical areas to which intangibles relate are outside Australia
- the Group's net debt balance has decreased significantly since June 2009 as a result of the capital raising, the proceeds of which were predominantly used to pay down existing debt balances
- the Group's external minority interest in the balance sheet increased at 30 June 2010 due to the issue of the hybrid convertible securities issued to CIC. Refer to Section 4.3 for further details.

5 Valuation of MAC

5.1 Summary

We have estimated the current fair market value of MAC to be $181.5 million on a control basis.

Whilst the principal asset of MAC is the leasehold interest in the Property, in order to estimate the fair market value of 100% of the equity of MAC to be acquired by Goodman Group we have also considered MAC's net debt position and any surplus assets or liabilities. The CBRE Report considers each component of the Property and applies specific methodologies including but not limited to both the discounted cash flow (**DCF**) and capitalisation of maintainable earnings methodologies.

The estimated fair market value of MAC is presented in the table below.

Table 18: Summary of the fair market value of MAC's net assets

	($'million)
Fair market value of the Property	201.5
Net debt	(20.0)
Working capital	-
Equity value of MAC	**181.5**

Source: Unaudited financial statements of MAC, Deloitte Corporate Finance analysis

The fair market value of the Property of $201.5 million has been adopted based on our review of the CBRE Report as summarised in the following sections. An extract of the CBRE Report is included as Annexure 2 of the Notice of Meeting.

5.2 Valuation of the Property

5.2.1 Introduction

CBRE prepared an independent valuation of the Property as at 31 July 2010 on an "As Is" basis. We have held discussions with CBRE and have reviewed the terms and conditions of their engagement. We have also obtained their written consent to refer to their valuation of the Property in the preparation of this independent expert report.

We have conducted analysis of the key assumptions included in the CBRE Report and assessed their reasonableness in light of our understanding of MAC's historical operating results and future prospects as well as the industry and economic factors specific to MAC and the Property.

Based on our analysis and discussion outlined above, we have concluded that:

- CBRE is independent of MAC and Goodman Group in accordance with the guidelines in ASIC Regulatory Guide 112 "Independence of experts"
- the CBRE Report was prepared by professionals who have sufficient qualifications and competence to provide an informed opinion of the fair market value of assets of this nature
- the valuation methods used are appropriate and appear to have been correctly applied to estimate the fair market value of the Property

- the approach adopted by CBRE is consistent with market practice and the assumptions adopted by CBRE do not appear unreasonable or inappropriate for the purpose of estimating the fair market value of the Property.

CBRE determined the fair market value of the Property to be $201.5 million (excluding stamp duty and legal fees).

The following table sets out a summary of CBRE's assessment of the fair market value of the components of the Property.

Table 19: Fair market value of the Property

	Type of lease	Assessed value ($'million)	Land/ Building Area (sqm)	WALE (years)	Capitalisation Rate (%)	Reversionary Yield[1] (%)	Value /sqm ($)
Operational Airport	n/a	(1.4)	n/a	n/a	30.00	n/a	n/a
Aviation tenancies	Ground & Building	23.5	111,145	2.85	9.00	8.78	211
Non-Aviation	Ground	22.0	91,568	11.94	6.83[2]	8.57	224
Chifley Business Park	Ground	49.0	332,594	37.90	7.75	8.25	147
Kingston Central Plaza	Building	20.6	9,451	4.00	8.75	8.96	2,183
Development Land	Ground	87.8	731,444	n/a	n/a	n/a	120
Total		**201.5**					

Source: CBRE Report

Notes:

1. Reversionary yield is the net market rental income as a percentage of the assessed value
2. Blended rate of three leases: 6.75% to DFO, 7.25% applicable to BP Australia and 7.75% to Oz Fuels
3. n/a = not applicable, WALE = weighted average lease expiry.

There has been a lack of significant transactional activity in the property sector over the past two years, particularly for real estate assets in excess of $20 million, which created difficulties for property valuers in observing reliable price benchmarks. However, in recent months volumes have increased, including for large properties and portfolios across all sub-sectors of the property sector (including industrial property). We understand that these recent transactions have been generally occurring at or close to the independent valuations prepared for these properties. Even though the site and tenancy characteristics for the Property are somewhat unique and not capable of precise benchmarking to other sites, CBRE has no reason to believe that the estimated fair market value of the Property and the individual sites contained within its report could not be achieved in an arm's length market transaction.

We consider the key assumptions adopted by CBRE for its valuation of the operational airport facility, the developed property and the vacant developable land parcels separately below.

5.2.2 Income producing property

CBRE has used both the capitalisation approach and the DCF methodology to derive the fair market value of the property components of the Property, with the exception of the vacant land. Specifically, property components of the Property include the following:

- aviation ground and building leases
- non-aviation ground leases

- Chifley Business Park
- Kingston Central Plaza.

Capitalisation approach

In valuing the property components using the capitalisation approach, CBRE has considered the following:

- the net income attributable to each site, based on fully leased rental income at market rates and any outgoings, incorporating an allowance for vacancies and bad debts
- an appropriate capitalisation rate to apply to the net income attributable to each site, having regard to relevant considerations including comparable transactions, margin above the 10 year government bond rate, the leasehold nature of the property (as opposed to freehold), the type of sub-leases in place (e.g. ground leases or ground and building leases) and the length of the sub-leases in place
- estimated capital allowances for each site in respect of future cash costs for advertising, capital expenditure, commissions, incentives, letting up allowances and future income derived from designated development precincts and vacant tenancies. Present value adjustments were also made to incorporate any current rental shortfall or profit for the period up to each tenant's next market rent review date.

The capitalisation rates adopted by CBRE range from 6.75% to 9.00%, and are derived from consideration of the aforementioned factors relevant to each site and recent market evidence. The Property has both ground and above ground lease tenants. Typically ground leases have a lower risk profile than that of buildings or building rentals due to there being no obsolescence risk or other risks associated with construction and leasing of above ground improvements. As such, ground leases, all things being equal, are typically valued at a lower capitalisation rate than above ground leases. CBRE has also had regard to the typically observed yield differential between freehold and leasehold titles.

We note the following specific factors considered by CBRE in selecting capitalisation rates:

Aviation ground and building leases

A capitalisation rate of 9.0% has been adopted for the aviation ground and building leases. This higher rate accounts for factors such as the typical short term nature of these leases, the small scale of the individual land parcels, the significant portion of above ground leases, age of hangar buildings and a reasonably significant pending office building vacancy.

Non-aviation ground leases

The non-aviation areas pertain to ground leases and have an attributable capitalisation rate in the range of 6.75% to 7.75%. CBRE has made reference to recently observed prime industrial asset yields with similar weighted average leases that were in the range of 8.0% to 8.5% whilst also taking account of the prime location of non-aviation areas. CBRE also considered the sales evidence from long-term commercial investment properties with capitalisation rates from 6.27% to 9.36%. We discuss the impact of recent announcements in relation to DFO in Section 5.3.1 below.

Chifley Business Park

In assessing Chifley Business Park, CBRE has had consideration of the ground lease nature of the area, the long dated WALE (37.9 years) and the extent to which the surrounding business park development has increased the tenant demand for this site. Taking into account these factors CBRE has adopted a capitalisation rate of 7.75%.

Kingston Central Plaza

For Kingston Central Plaza, CBRE has adopted a capitalisation rate of 8.75% which is comparable to the range of 7.12% to 10.63% evident from eight recent shopping centre transactions. CBRE also considered the leasehold nature of the site and the adjoining vacant land parcels diluting yields. On a capital value rate comparison, the Kingston Central Plaza value of $2,183 per square metre falls within the range of $2,065 to $3,781 per square metre evidenced from the eight market transactions. We note that of the eight transactions, only one sale occurred in Victoria achieving a capitalisation rate of 8.47% and $3,228 per square metre (gross lettable area).

Income assumptions

The main approach used by CBRE to determine the gross rental income for the purpose of applying the capitalisation approach was to derive the market rent for each individual tenancy based on CBRE's assessment of a current market rental rate for both ground and building leases. In comparison to the current contractual rents, we note the following:

- Chifley Business Park, comparable market ground rent evidence also indicates the majority of current contract rents are below market rates. This is attributable to the fact that the foundation tenants are currently on below market contracts which were designed to incentivise tenants to occupy the estate. It is anticipated that market reviews that are due to take place in the next 12 months will result in these rents increasing to market rates
- for DFO there is a rental shortfall of approximately $0.6 million per annum allowing for CBRE's market rent assessment compared to the current contracted rent. CBRE has assumed that DFO would exercise its option to extend the lease until 2024 and therefore it has been assumed that market reversion does not occur until 2024. We have also considered the effect of recent announcements in respect of the financial situation of DFO on the CBRE valuation. Refer to Section 5.3.1 for further details
- the two remaining non-aviation ground leases extended to BP Service Station and Oz Fuels Service Station are in the process of review and a final determined contract rent is not yet known. From discussions with CBRE there is likely to be an uplift in the current rates to reflect the market position.

Some tenancies within the aviation land site were designated as development precincts under the current master plan and will therefore be developed into commercial tenancies. The net present value of rental income derived from these tenants over an expected development period was used to value these tenancies as opposed to the capitalisation approach. The adopted development deferral times were three, six or ten years depending on the particular tenant. The net present value of rental income was added to the capitalised value of the aviation ground and building leases as another capital allowance item.

Based on our review, the capitalisation valuation approach adopted by CBRE is an appropriate approach, is in line with market practice and the assumptions adopted are not unreasonable.

DCF approach

In determining the DCF value of the pure property components of the Property, CBRE has prepared a 10 year pre-tax cash flow forecast. Cash flow forecasts over the initial 10 year period were estimated based on expected industry dynamics and factors specific to the Property.

The terminal value for the DCF method was based on the theoretical expected selling price that could be achieved if the assets were to be sold on 31 July 2021 (10 years subsequent to the valuation date) by applying a terminal yield.

Based on our review, the DCF valuation approach adopted by CBRE is not unreasonable considering the inputs and assumptions applied, and is broadly supportive of the capitalisation approach.

5.2.3 Vacant developable land parcels

CBRE has identified vacant land parcels suitable for development in accordance with the current master plan nominated development precincts. There are approximately nine separate developable land sites located within four precincts. In deriving the fair market value of the vacant land parcels within the Property, CBRE has assessed fair value based on deferred land values using different development time lag periods applicable to each vacant site. Estimates of the capital costs required to render the land suitable for development were also considered to arrive at the assessed vacant land value.

A summary of the assessed vacant land values is provided in the table below.

Table 20: Summary of the assessed vacant developable land parcels at the Property

	Land area (sqm)	Assessed gross land value ($/sqm)	Deferred gross land value ($/sqm)	Allowed deferment term (years)	Assessed value net of development costs[1] ($'million)
Part Precinct C, front land adjoining Kingston Central Plaza	19,265	175	175	Nil	3.4
Part Precinct C, rear land adjoining Kingston Central Plaza	9,081	100	100	Nil	0.9
Precinct C, corner Grange Road	65,971	185	185	Nil	8.7
Precinct E, south side Second Avenue	6,860	225	225	Nil	1.2
Part Precinct E, west side Bundora Parade	104,977	120	76	10	6.2
Part Precinct E, south side First Avenue	17,400	200	150	6	2.3
Part Precinct E, north side Lower Dandenong Road	99,890	170	122	7	8.7
Part Precinct E, north side opposite DeHavilland Road	81,400	180	152	5	10.7
Precinct B, possible aviation zone behind Precinct E	60,000	80	51	10	1.8
Precinct D, rear land	140,030	190	169	3	21.5
Precinct D, front land	126,570	230	230	Nil	22.2
Total	**731,444**				**87.8**

Source: CBRE Report

Note: 1. CBRE cost estimates to render land suitable for development allocated to each parcel based on land area

We note the following in relation to the assumptions CBRE has adopted in determining the fair market value of the developable land:

- CBRE estimated land values per square metre having regard to market land sale evidence from recent industrial land parcel sales. Evidence indicated transaction prices in the range of $144 per sqm to $300 per sqm. In selecting the value per square metre to apply, CBRE considered the position of the developable land parcel on the site and its potential future appeal. Typically parcels with a high degree of street frontage and passing traffic are more valuable than those that do not possess these features
- CBRE also considered the sequencing of development having regard to the zoning of the land and likely market appetite for the site. In these circumstances land values were escalated at 3.0% to 5.0% per annum (consistent with inflation or expected land capital growth) depending on the quality of the site and discounted back at a discount rate of 7.5% based on current land values for commercial land

- CBRE has estimated infrastructure costs to render each individual land parcel suitable for development having regard to a third party report prepared specifically for the Property in July 2009.

The vacant land parcels are available in different precincts within the Property and have been assessed by CBRE individually with consideration of specific location, size and nominated land use as per the approved 2010 master plan. The majority of the vacant parcels are non-competing developments and have potential to be co-developed at the same time given the different end user profiles.

We observe that the average price per square metre of $120 is not inconsistent with the observed market evidence.

5.2.4 Operational airport facility

CBRE has applied a capitalisation approach as the primary valuation methodology to estimate the fair market value of the operational airport facility.

In order to continue to hold the Property and to develop the surrounding property, MAC is obliged to continue to use the site as an operational airport. Accordingly, CBRE has considered the ongoing revenue and costs associated with running and maintaining the operational airport. This includes revenues from landing fees and other aviation-related charges as well as the costs associated with maintaining the runways and corporate overheads.

CBRE has observed that at present the operational airport is currently in a loss making position and is forecast to continue for the foreseeable future. Accordingly, CBRE has valued the business as a liability of $1.4 million by capitalising the estimated maintainable ongoing annual loss from the operational airport facility using a capitalisation rate of 30% which implicitly assumes that the operations remain loss making for approximately three years and then becomes break-even thereafter.

Annual aircraft movements at the Property have decreased by 13% during the year ended 30 June 2010 to 282,734 movements[8], and it is difficult to determine when the Property would be in a positive operating income position. Considering the Property has made an operating loss each year over the last five years, CBRE's valuation approach to capitalising the operating losses does not appear unreasonable.

However, we note that more recent results for the aviation operations indicate that operating losses are less than those capitalised by CBRE in their assessed value which may indicate a lower liability or break even value may be achievable.

We note that to the extent that the operating airport component is able to generate a profit, there may be potential upside in the valuation of this component. However, to the extent that the operational airport becomes more profitable, the Goodman Group is able to participate in this upside through terminating the Airport Management Agreement and Goodman Group is not exposed to any downside risk on the profitability of these operations.

We note that CBRE had not been provided with the audited financial statements of MAC for the years ended 30 June 2007, 2008, 2009 and 2010 but rather management accounts as audited accounts are not required to be undertaken by MAC. Should the financial due diligence of the Proposed Transaction reveal materially different gross revenue and operating expenses relating to the operational airport, then the assessed value for the operational airport may change. Based on discussions with Goodman Group management, Goodman Holdings representatives and MAC management, the current budget and forecasts prepared by MAC are broadly consistent with those contained in the CBRE Report.

[8] Airservices Australia

5.3 Other considerations

5.3.1 Direct Factory Outlet

In August 2010 it was announced that the owner of the DFO chain, Austexx, was in financial distress and that as a result, it was likely that the entire portfolio of ten DFO stores across Australia would be sold to repay the $1 billion in debt owed.

Whilst the exact consequences for MAC are somewhat uncertain at the moment, these events are unlikely to have an adverse impact on the ground rents to be received since:

- DFO's current lease expires in 2014 and CBRE has assumed that the 10 year lease option would be exercised by DFO as it is below market
- DFO is currently paying ground rents based on industrial activity. A higher ground rent based on commercial land use could be contracted with any new tenant indicating potential upside to the valuation of the current DFO site. Considering a new tenant would pay a higher rent which would offset any income foregone if DFO vacated the premises, there is unlikely to be any material downside risk
- we discussed the implications of this development with CBRE and they consider it likely that an alternative tenant(s) could be reasonably likely to be found in the event that DFO were to exit the site
- in the event that the subsequent purchaser of the DFO operations at the Property does not exercise the 10 year option, then lease terms indicate MAC has the right to ownership of the DFO building at lease expiry or default and would therefore receive both ground and building rents.

5.3.2 Management agreement impact

We note that CBRE has assessed the fair market value of the operational airport and the aviation tenancies based on the underlying income and growth expectations of these assets and not had regard to the proposed sub-contracting arrangement. However, for the purpose of the Proposed Transaction, Goodman Group would sub-contract the operation of the operational airport and related tenancies in return for a payment of $1.7 million per annum escalated at 3%.

The $1.7 million payment is in line with the net income of the aviation tenancies and operational airport based on the assumptions set out in the CBRE Report. Furthermore, we note that from the perspective of Goodman Group this payment is in substance a ground lease rental stream. Since the attributed portion of the CBRE valuation for these assets is $22.1 million, the implied rental yield for this transaction is 7.7%. We do not consider this implied yield unreasonable since:

- the tenancy is secure as maintaining an operational airport is required under the current master plan
- the airport operator is responsible for all aviation revenues and aviation expenses
- the airport operator is to indemnify Goodman Group against any claims related to the aviation activities
- the airport operator is to provide a $10 million guarantee in favour of Goodman Group to be drawn against in the event of non-performance
- Goodman Group is to hold step-in rights in relation to the operation of the airport component of the Property

- Goodman Group has the option to terminate the agreement at no cost at the end of year three and year six. This mechanism provides Goodman Group with an option over any potential increase in operating income from airport operations.

5.3.3 Other considerations

Preparing a cross check to the valuation of the Property is problematic since:

- the asset is unique as there are no directly comparable assets that have a mix of aviation components, are predominantly leasehold or are mainly ground leases
- as a significant portion of the value of the Property pertains to development land which management is not forecasting to generate any earnings in FY11, we have been unable to apply an earnings multiple or yield comparisons methodology.

However, we note that the CBRE Report contains observable market data for a number of recent large scale transactions, the most recent of which was the $220 million sale of the Salta Properties industrial portfolio in July 2010 comprising eight properties throughout Australia with three properties in Melbourne.

It is also noted that from our discussions with CBRE and our general industry soundings that there is increasing evidence of a number of bidders existing for the more recent transactions, a factor which shows support and demand for large scale property transactions. It is therefore not unreasonable to consider that there would be a range of buyers for an asset of this nature if it were to be put on the market.

5.4 Other assets and liabilities

MAC will be transferred to Goodman Group with a 'normal' level of working capital and therefore no cash injection or working capital release will be required by Goodman Group post completion. Anything in excess (or deficit) to this will result in a completion adjustment which will result in an amendment to the amount of consideration to be paid. Our assessment is based on MAC having a 'normal' level of operating working capital as at the time of completion. Any change to this, to the extent that it forms a completion adjustment, is unlikely to have a material impact on the Proposed Transaction.

5.5 Conclusions

The valuation of MAC is summarised in the following table.

Table 21: Valuation of MAC before Proposed Transaction

	($'million)
Fair market value of the Property	201.5
Net debt	(20.0)
Working capital	-
Equity value of MAC	**181.5**

Source: CBRE Report and Deloitte Corporate Finance analysis

6 Valuation of the Consideration

6.1 Introduction

In order to estimate the fair market value of the Consideration, we have considered the fair market value of the Goodman Group securities to be received as part of the Equity Consideration and the fair market value of the Vendor Finance Consideration.

To determine the fair market value of the Goodman Group securities forming part of the Consideration, we have had regard to recent share trading prices for Goodman Group securities. Whilst this is in contrast to the net assets approach for estimating the fair market value of MAC, in our opinion, recent trading in Goodman Group securities provides a reasonable estimate of the consideration to be paid by Non-Associated Securityholders, the reasons for which are presented below.

6.2 Equity Consideration

We have assessed the fair market value of the Equity Consideration based on recent trading in Goodman Group securities.

6.2.1 Approach

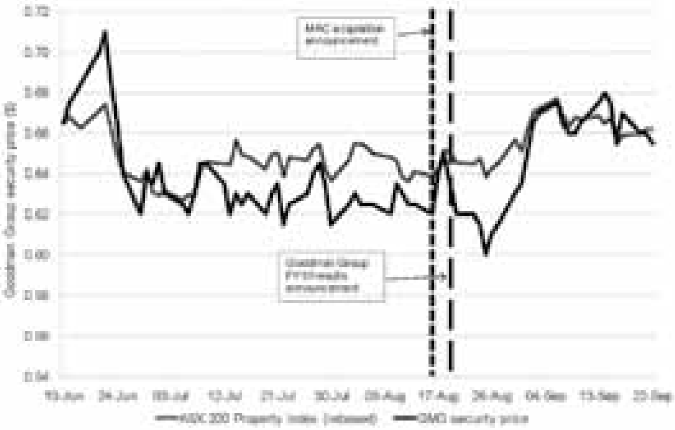
In order to estimate the fair market value of the Goodman Group securities to be issued under the Equity Consideration, we have relied upon an analysis of recent trading prices for Goodman Group. In our opinion, recent trading in Goodman Group securities provides a reasonable estimate of the fair market value of the Equity Consideration to be paid to the Goodman Family since:

- if the Proposed Transaction proceeds, the existing MAC shareholders will receive 225.4 million Goodman Group securities, which based on the fully diluted outstanding securities as at 30 June 2010, equates to approximately 2.8% of the total outstanding securities (or 3.4% on an undiluted basis). This interest is the equivalent of a minority or portfolio interest in Goodman Group. The trading price of a Goodman Group security represents a minority value
- the Property represents approximately 2.5% of Goodman Group's total on balance sheet assets therefore any potential market re-rating arising as a result of the Proposed Transaction is not likely to have a material impact on the security price of Goodman Group. Furthermore our analysis has included trading in Goodman Group securities subsequent to the Announcement Date which would include the market's view of any dilutive or other impacts of the Proposed Transaction
- there is a liquid market for Goodman Group securities including a strong retail and institutional securityholder base as well as significant coverage from buy side and sell side research analysts. Furthermore, on 19 August 2010, Goodman Group announced its FY10 results to the market and provided an updated outlook of the operations of the Group including revised guidance for FY11
- over the six month period to the Announcement Date 75% of Goodman Group's total securities outstanding had changed hands
- there has not been significant volatility in the recent trading of Goodman Group securities that would limit the applicability of this approach.

6.2.2 Analysis of recent security trading

The daily security price over the three month period to the Announcement Date ranged between $0.58 and $0.71 as set out below.

Figure 15: Goodman Group's recent security trading (as at 22 September 2010)



Source: Thomson Reuters, Deloitte Corporate Finance analysis

As evident above, Goodman Group's security price has tracked broadly in line with the ASX 200 Property Index both in the period immediately prior to the announcement of Proposed Transaction and since that date.

A brief summary of the recent trading history is detailed below.

Table 22: Summary of trading in Goodman Group securities as at 22 September 2010

	Volume traded (% of average shares outstanding)	Daily Volume Weighted Average Price (VWAP) Low ($)	High ($)	VWAP ($)
Over 1 week period to 16 August 2010	1.7%	0.620	0.635	0.626
Over 1 month period to 16 August 2010	7.6%	0.615	0.645	0.628
Over 3 month period to 16 August 2010	35.6%	0.575	0.710	0.635
Over 6 month period to 16 August 2010	74.8%	0.575	0.740	0.641
Over 1 year period to 16 August 2010	184.2%	0.530	0.740	0.620
Since 16 August 2010	12.9%	0.600	0.680	0.648
Over 5 trading days to 22 September 2010	1.8%	0.655	0.670	0.663

Source: Thomson Reuters, Deloitte Corporate Finance analysis

Further analysis of Goodman Group's security price is provided in Section 4.3.2 above.

We are of the view that security trading subsequent to the Announcement Date is the most suitable benchmark as it reflects detailed disclosure of the particulars of the Proposed Transaction and its impact on future operations. Likewise it is noted that Goodman Group presented its FY10 financial results on 19 August 2010 which included a detailed analysis of its current operations as well as its future strategy and trading outlook.

We note that if equity were to be raised from the market to fund the acquisition of the Property, this capital would typically be priced at a discount to observed trading prices in order to encourage participation in the equity raising.

Whilst the securities to be issued as Equity Consideration will be held in escrow for a period of two to five years, and therefore these securities have a theoretical lower value in the hands of the securityholder, we have not applied a discount for lack of marketability since:

- the holders of the securities are to receive distributions which will provide a holding period return
- since part of the rationale of the Proposed Transaction is to increase alignment of the holder (Mr Greg Goodman) with the Group, we have assumed the holder has a long term investment horizon.

Taking this into account, we have estimated the current fair market value of a Goodman Group security on a minority interest basis to be in the range of $0.60 to $0.66.

6.2.3 Conclusion

This valuation of the Goodman Group securities has been performed on a minority interest basis since if the Proposed Transaction proceeds, the Equity Consideration to be received by the Goodman Family will represent a minority interest in Goodman Group which will increase the Goodman Family's interest in Goodman Group to approximately 3% of Goodman Group's outstanding capital.

The table below summarises the estimated fair market value of the Equity Consideration.

Table 23: Assessed fair market value of Equity Consideration (minority basis)

	Low	High
Goodman Group securities to be issued (million)	225.4	225.4
Assessed fair market value of a Goodman Group security on a minority basis ($)	0.60	0.66
Assessed fair market value of Equity Consideration ($'million)	**135.2**	**148.8**

Source: Deloitte Corporate Finance analysis

6.3 Vendor Finance Consideration

In estimating the fair market value of the Vendor Finance Consideration we have had regard to the future cash flow profile associated with the Vendor Finance Consideration which includes a 6% per annum coupon payment, paid semi-annually in addition to the repayment of the $35 million principal amount at the end of the three year escrow period.

We have selected the face value of the principal as the fair market value of the Vendor Finance Consideration.

6.4 Conclusion

Based on the above analysis we have estimated the fair market value of the Consideration to be in the range of $170.2 million to $183.8 million, the components of which are presented below.

Table 24: Conclusion – fair market value of Consideration

	Reference	Low ($'million)	High ($'million)
Fair market value of Equity Consideration	Section 6.2	135.2	148.8
Fair market value of Vendor Finance Consideration	Section 6.3	35.0	35.0
Fair market value of Consideration		**170.2**	**183.8**

Source: Deloitte Corporate Finance analysis

7 Evaluation and conclusion

In our opinion the Proposed Transaction is fair and reasonable to Non-Associated Securityholders.

Advantages of the Proposed Transaction

The Proposed Transaction is at fair market value

Set out below is a comparison of our assessment of the fair market value of MAC with the fair market value of the Consideration.

Table 25: Evaluation of fairness

	Section	Low ($'million)	High ($'million)
Fair market value of the Property		201.5	201.5
MAC net debt outstanding		(20.0)	(20.0)
Other net assets		-	-
Fair market value of MAC	**5**	**181.5**	**181.5**
Fair market value of Equity Consideration	6.2	135.2	148.8
Fair market value of Vendor Finance Consideration	6.3	35.0	35.0
Fair market value of Consideration		**170.2**	**183.8**
Implied (over)/under payment for the Property		***11.3***	***(2.3)***

Source: Deloitte Corporate Finance analysis

As set out above, the fair market value of MAC is within the fair market value range of the Consideration. Accordingly, in our opinion the Proposed Transaction is at fair market value.

Since the Equity Consideration component is based on a fixed number of Goodman Group securities, the ultimate value of the Consideration will depend upon the price of a Goodman Group security on the date that the Proposed Transaction is implemented.

Regardless of the outcome of the Proposed Transaction, the price of Goodman Group securities will vary in the future, based on market movements, developments in the property market and changes in the Group's specific circumstances.

We have assessed the value of the Consideration based on our analysis of recent market trading in Goodman Group securities. The table below sets out the effective value of the Consideration for a range of possible market prices for a Goodman Group security to the extent that there is no corresponding change in the fair market value of the Property. We note however that there is likely to be broad correlation between the movement in the trading price of a Goodman Group security and the value of industrial property, which is the principal driver of the value of the Property.

Table 26: Sensitivity of the Consideration to Goodman Group's market price

Market value of a Goodman Group security	Implied Consideration (million)	Premium/(discount) to fair market value of MAC
$0.540	$156.7	(14)%
$0.570	$163.5	(10)%
$0.600	$170.2	(6)%
$0.630	$177.0	(2)%
$0.660	$183.8	1%
$0.690	$190.5	5%
$0.720	$197.3	9%

Source: Deloitte Corporate Finance analysis

Our assessed range is also consistent with the VWAP of Goodman Group observed in trading over longer periods as well as set out below:

Table 27: Summary of trading in Goodman Group securities as at 22 September 2010

	Volume traded (% of average shares outstanding)	Daily Volume Weighted Average Price (VWAP) Low ($)	High ($)	VWAP ($)
Over 1 week period to 16 August 2010	1.7%	0.620	0.635	0.626
Over 1 month period to 16 August 2010	7.6%	0.615	0.645	0.628
Over 3 month period to 16 August 2010	35.6%	0.575	0.710	0.635
Over 6 month period to 16 August 2010	74.8%	0.575	0.740	0.641
Over 1 year period to 16 August 2010	184.2%	0.530	0.740	0.620
Since 16 August 2010	12.9%	0.600	0.680	0.648
Over 5 trading days to 22 September 2010	1.8%	0.655	0.670	0.663

Source: Thomson Reuters, Deloitte Corporate Finance analysis

The financial metrics of the Proposed Transaction are broadly neutral

Should the Proposed Transaction proceed, Goodman Group's key reported financial metrics, being forecast EPS, NTA per security and financial gearing will remain broadly unchanged as presented in the table below.

Table 28: Financial metrics of the Proposed Transaction

	Prior to Proposed Transaction	Post Proposed Transaction	Impact of the Proposed Transaction (%)
NTA per security as at 30 June 2010 (cents)[1,3,5]	46.1	46.5	1%
FY11 EPS (operating) (cents)[2,5]	5.30 to 5.50	See below	
Book value gearing (30 June 2010)[1,4]	24.9%	25.1%	(1)%

Source: Deloitte Corporate Finance analysis

Notes:

1. Based on reported 30 June 2010 financial statements
2. Based on guidance proposed by Goodman Group in 30 June 2010 annual results presentation
3. Based on $133.5 million of net tangible assets acquired (comprising the Property of $201.5 million, MAC's outstanding debt balance of $20 million, a $35 million liability for the settlement of the Vendor Finance Consideration and $13 million of transaction costs funded from existing debt facilities) and 225.4 million shares to be issued as the Equity Consideration
4. Based on Goodman Group assuming MAC's existing debt facility (drawn to a limit of $20 million) and including new liabilities for debt funded acquisition costs ($13 million) and $35 million in respect of the Vendor Finance Consideration
5. On a fully diluted basis.

EPS

We have been provided with a financial model prepared by Goodman Group for the purpose of analysing the impact of the Proposed Transaction on Goodman Group. The financial model includes a number of inputs and assumptions made by Goodman Group on the future performance of the Property and the associated development of the site. We have performed an analysis on the projections underpinning the financial model including limited procedures regarding the mathematical accuracy of the model. Our work did not constitute an audit or review of the projections in accordance with AUASB Standards and accordingly we do not express any opinion as to the reliability of the projections or the reasonableness of the underlying assumptions.

FY11 earnings from the Property subsequent to implementation of the Proposed Transaction are expected to be driven primarily by passive rental income on existing investment assets at the site of approximately $3.3 million as well as $1.1 million (pro rata based on partial year) to be received as part of the management arrangement for the operation of the aviation assets of the site. Goodman Group management also expects to capitalise interest on the purchase price of the development portion of the site. Whilst the amount to be capitalised is in excess of the interest to be incurred for the funding of the Proposed Transaction, this is consistent with the Group's accounting policy and relevant accounting standards where interest is capitalised at the relevant weighted average cost of debt. Overall there is expected to be no dilutive impact on Goodman Group's forecast EPS for FY11 of 5.3 to 5.5 cents.

The Proposed Transaction is expected to be EPS accretive over the medium term through the expected realisation of development profits as Goodman Group executes its development strategy for the 73 hectares of developable land located on the site of the Property.

NTA

The Proposed Transaction is 1% accretive to NTA per security, which when considered across Goodman Group's total net tangible asset base of $3.6 billion, the overall impact is minimal.

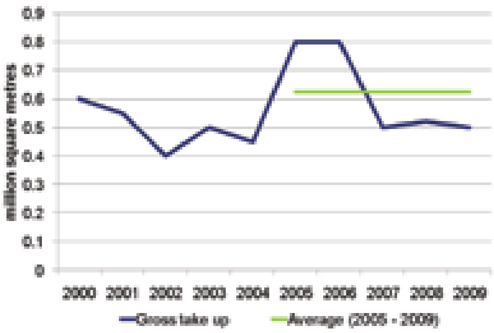
Gearing

Goodman Group's reported book gearing as at 30 June 2010 of 24.9% is expected to increase by approximately 0.2% following the completion of the Proposed Transaction to 25.1%.

Acquired land bank consistent with Goodman Group strategy

Acquisition of the Property will enable Goodman Group to pursue its focussed industrial estate development strategy in a market where it is presently underweight. The figure below presents the historical gross market take-up rate for Melbourne industrial property, which represents the rate at which end users are leasing or acquiring new industrial properties.

Figure 16: Melbourne industrial property sector



Source: Goodman Group, industry analysis, Deloitte Corporate Finance analysis

Based on Goodman Group's historical take-up of industrial land in the region (or approximately 25%), considering the above, this translates to an annual targeted share of approximately 150,000 sqm. Based on Goodman Group's current Victorian development strategy, the existing Victorian land bank provides for an estimated completion of 75,000 sqm (i.e. 50% expected shortfall) per annum over the next five years. Should the Proposed Transaction proceed this is estimated to increase to 119,000 sqm per annum which would substantially reduce the shortfall.

Market analysts are generally of the view that the Melbourne industrial property market will continue to strengthen over the next two years. It is expected that an improvement in the sector will be driven by improved economic conditions in both the local economy and the wider Australian economy. It is anticipated that end users of industrial property will be willing to make longer term real estate decisions which will drive future demand for leased properties.

In addition to the above, the Property is consistent with Goodman Group's existing strategy since:

- the Property lies within the current targeted industrial nodes of inner south east Melbourne. This is one of the key areas previously identified by Goodman Group as a future growth corridor and an area attractive to existing Goodman Group customers
- the developable land is predominantly earmarked for industrial and business park related development, both of which are within Goodman Group's identified target areas. The Property also has existing and future zoned retail precincts

- the currently proposed development profile will allow Goodman Group to build on its existing commercial momentum at the Property which includes its activities at the Chifley Business Park where it has been involved since 1999.

Whilst the site also includes non-core elements, such as the operational airport and related aviation tenancies and a retail component, the Group has plans to mitigate these exposures through the management agreement with Goodman Holdings and future divestment of non-core retail improvements.

Aligns interest of Goodman Group's chief executive officer and securityholders

If the Proposed Transaction were to proceed, the vendors' interests in Goodman Group, direct and indirect, would be approximately 3.4% on an undiluted basis (2.8% on a fully diluted basis). Furthermore, the terms of the Proposed Transaction are such that Mr Greg Goodman's interest in the Consideration is aligned with the securities escrowed for five years. Based on investor soundings this is seen as an important mechanism in further aligning Mr Greg Goodman's long term interests with those of the securityholders in Goodman Group.

Furthermore, as the site will be undergoing significant development in the coming years, the Proposed Transaction will eliminate any perceived conflicts of interest going forward between MAC and Goodman Group in respect of identifying tenants for these developments.

Disadvantages of the Proposed Transaction

Increased exposure to non-core aviation and retail activities

Following completion of the Proposed Transaction, Goodman Group will acquire the head lease of Moorabbin Airport and as such will assume responsibility for the aviation operations at the site outlined in Section 3.3.2. This component of the Property (which comprises approximately 50% of the land by area and 11% by value) is not consistent with Goodman Group's core strategy and competencies.

Goodman Group has developed a strategy to mitigate the exposure to the non-core aviation operations through a management arrangement with the incumbent operator. Under the proposed arrangement these functions would be performed by Goodman Holdings for a period of 10 years (breakable by Goodman Group at the end of three and six years with six months notice). Goodman Holdings would be required to pay Goodman Group $1.7 million per annum, in line with the profits generated in FY2010, (subject to fixed 3% increases per annum) for the right to manage the aviation operations of the Property and receive any profits generated as well as provide a $10 million guarantee in favour of Goodman Group to be drawn against in the event of non-performance. Goodman Holdings would be required to take out the necessary insurance coverage to meet regulatory requirements.

Airservices Australia and the Civil Aviation Safety Authority are responsible for air traffic management and safety of the aviation activities.

Whilst this will minimise direct exposure, the Group will still retain overall responsibility for the aviation operations as head lessee of the Property.

The Group will also acquire retail improvements on the Property which are not part of its core operations (comprising approximately 5% to 10% by value[9]). Goodman Group management have proposed a strategy whereby the Group will, in the medium term, dispose of its interest in the above ground improvements and retain its interest in the below ground land asset. Possible acquirers include long term investors or owner occupiers. It is expected that the sale of any non-core retail properties

[9] Approximate value of above ground retail improvements

would be value neutral compared to the price paid as part of the Proposed Transaction. However, the prices achieved are uncertain and may expose the Goodman Group to some downside or upside compared to the prices at which these assets are to be acquired.

The existence of non-core activities on large estates such as the Property is common due to the mixed use nature of these large integrated estates.

Regulatory risk

As part of the Proposed Transaction the Goodman Group will be subject to additional regulatory risks. In particular:

- following Goodman Group's acquisition of the Property, it will be required to comply with the requirements of the Airports Act which limits foreign ownership of an airport-operator to 49%. Goodman Group will be required to implement the necessary measures to ensure compliance with this obligation
- as the head lessee of the Property, Goodman Group will be required to submit and adhere to the requirements of future master plans in relation to the Property. These plans outline the future operation and development of the Property over a 20 year horizon and are required to be approved by the Commonwealth minister responsible for Infrastructure, Transport, Regional Development and Local Government on a five year cycle. Future master plans may alter the operation of the Property and have an impact on the mix of future aviation and development authorities on the site.

Other considerations

Other considerations of the Proposed Transaction include:

- ***Goodman Group will incur transaction fees in the order of $13 million.*** It is anticipated that the Group will incur $11 million in stamp duty fees from the acquisition of the Property (consistent with a normal acquisition in Victoria) and a further $2 million in due diligence costs and advisor fees. It is noted, however, that if the funds earmarked for the Proposed Transaction were used to acquire development land or other investment assets it is likely that a similar level of transaction costs would be incurred
- as part of the Proposed Transaction, Goodman Group is obtaining a tax opinion in respect of the tax status of the payments to be received pursuant to the Airport Management Agreement with Goodman Holdings which is dependent on approval from the Commonwealth Government. This opinion is expected to be received subsequent to the date of this IER. Whilst it is expected that this opinion will be in Goodman Group's favour, to the extent that an unfavourable tax opinion is received the Proposed Transaction will not proceed.

Conclusion

On balance, in our opinion, the advantages of the Proposed Transaction outweigh the disadvantages and therefore the Proposed Transaction is fair and reasonable to Non-Associated Securityholders. An individual securityholder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt the securityholder should consult an independent adviser, who should have regard to their individual circumstances.

Appendix 1: Glossary

Reference	Definition
ABPP	Arlington Business Parks Partnership (UK)
AFSL	Australian Financial Services Licence
Airports Act, the	Airports Act 1996
Announcement Date	16 August 2010
APESB	Accounting Professional and Ethical Standards Board Limited
ASA	Airservices Australia
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUASB	Auditing and Assurance Standards Board
$	Australian dollars
AUM	Assets under management
CASA	Civil Aviation Safety Authority
CBD	Melbourne central business district
CBRE	CB Richard Ellis (V) Pty Limited
CBRE Report	Valuation report for the Property prepared by CBRE dated 31 July 2010
CBRERT	CBRE Realty Trust
CIC	China Investment Corporation
Consideration, the	Equity Consideration plus Vendor Finance Consideration
CPI	Consumer Price Index
CPPIB	Canadian Pension Plan Investment Board
DCF	Discounted cash flow
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
DFO	Direct Factory Outlets
DMA	Development Management Agreement entered into by MAC and Goodman Group
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EOP	Executive Option Plan
EPS	Earnings per share
Equity Consideration	Approximately 225.4 million of securities in Goodman Group, one third of which is to be held in escrow for a period of two years and the remainder held in escrow for a period of five years
ESAP	Employee Securities Acquisition Plan
Explanatory Memorandum	Explanatory memorandum to accompany the Notice of Meeting containing information relevant to the resolutions set out in the Notice of Meeting
FSG	Financial Services Guide
FY	Financial year

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Deloitte: Goodman Group – Independent expert's report

Reference	Definition
GADF	Goodman Australian Development Fund
GAIF	Goodman Australia Industrial Fund
GCLH	Goodman China Logistics Holdings Limited
GELF	Goodman European Logistics Fund
GHKLF	Goodman Hong Kong Logistics Fund
GIT	Goodman Industrial Trust
GL	Goodman Limited
GMT	Goodman Property Trust
Goodman Group	Representing the stapled entities of GL and GIT
Goodman Holdings	Goodman Holdings Pty Limited
Group, the	Goodman Group (stapled entities GIT and GL)
ha	Hectare
Head Lease	Head lease with the Commonwealth Government of Australia to own and operate the Property site for a period of 99 years, inclusive of a 49 year option term
IER	Independent expert's report
Independent Directors	Independent Directors of Goodman Group but also including James Hodgkinson who is a non-interested non-executive director and excluding Mr Greg Goodman and Mr Patrick Goodman
km	kilometres
MAC	Moorabbin Airport Corporation Pty Limited
Minister, the	The Minister for Infrastructure, Transport, Regional Development and Local Government
Non-Associated Securityholders	Securityholders of Goodman Group other than the Goodman Family
Notice of Meeting	A notice of meeting to be sent to Goodman Group securityholders for the purpose of seeking their approval of the Proposed Transaction
NTA	Net tangible assets
Property, the	294 hectare airport and business park in Melbourne's inner south east
Proposed Transaction	Acquisition of the equity in MAC from Goodman Holdings by Goodman Group
RG 111	ASIC Regulatory Guide 111
RPT	Regular Passenger Transport
Securityholders	Existing holders of Goodman Group securities
sqm	Square metres
SOTP	Sum of the parts
SUZ	Special Use Zone
Substantial Asset	When the consideration to be paid, or the value of the asset, constitutes more than 5% of the equity interest of that entity
SWOT	Strengths, weaknesses, opportunities and threats
UK	United Kingdom

Reference	Definition
Vendor Finance Consideration	$35 million of vendor finance payable three years after settlement
VWAP	Volume weighted average price
WALE	Weighted Average Lease Expiry
White Paper	The National Aviation Policy White Paper released on 16 December 2009
WIP	Work in progress

Appendix 2: Valuation methodologies

To estimate the fair market value of MAC and the securities in Goodman Group to be issued as part of the Equity Consideration, we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which deals with the content of independent expert's reports. These are discussed below.

Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its securities or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent security trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent security trading history provides evidence of the fair market value of the securities in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

Appendix 3: Sources of information

In preparing this report we have had access to the following principal sources of information:

- Moorabbin Business Park and Airport Asset Plan
- Goodman Group Victorian Development Strategy (2010)
- Goodman Group Moorabbin board presentation, August 2010
- Goodman Group annual results presentation, June 2010
- Goodman Group semi annual results presentation, December 2009
- CBRE 31 July 2010 valuation report
- financial statements and annual reports of Moorabbin Airport and Goodman Group
- internal management reports of Moorabbin Airport
- Moorabbin Airport 2010 Master Plan, July 2010
- Airport Head Lease for Moorabbin Airport, June 1998
- various news releases and reports on the Australian property sector
- ASX announcements and company presentations for Moorabbin Airport, Goodman Group and comparable companies
- property portfolio summaries and tenancy data for Moorabbin Airport
- company websites for Goodman Group, Moorabbin Airport and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Reuters research and Mergermarket
- other publicly available information, media releases and broker reports on Goodman Group, comparable companies and the property industry.

In addition, we have had discussions and correspondence with various members of the management teams of Moorabbin Airport and Goodman Group in relation to the above information and to current operations and prospects.

Appendix 4: Qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of Goodman Group and is to be included in the Notice of Meeting to be given to securityholders for the exclusive purpose of assisting Non-Associated Securityholders in their consideration of the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Notice of Meeting in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Transaction is fair and reasonable in relation to Chapter 10 of the ASX Listing Rules.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Goodman Group and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Goodman Group management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Goodman Group and its officers, employees, agents or advisors, Goodman Group has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Goodman Group may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Goodman Group and its officers, employees, agents or advisors or the failure by Goodman Group and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction. To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of Goodman Group personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for MAC included in this report has been prepared on a reasonable basis. In relation to the prospective financial information, actual results may be different from the prospective financial information of MAC referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Mark Pittorino, Director, BComm., MAppFin, CA; Rachel Foley-Lewis, Director, B.Comm., CA, F.Fin; Dave Pearson, Senior Manager, B.Comm., CBV, CFA, CA; and Matthew Walden, Manager, B.Bus., G.DipAppFin (Finsia), CA, F.Fin. Each has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the Proposed Transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte Corporate Finance will receive a fee of $275,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

Deloitte Corporate Finance initially commenced a familiarisation exercise in respect of the Proposed Transaction in September 2009. This work did not involve Deloitte Corporate Finance participating in any aspects of the formulation of the Proposed Transaction and no aspects of our IER were issued prior to the terms of the Proposed Transaction being finalised.

Other than the work prepared in respect of the Proposed Transaction, Deloitte Touche Tohmatsu has prepared limited forensics and risk services work for Goodman Group in the previous two years.

Annexure 2
Summary of Valuation Report+

VALUATION & ADVISORY SERVICES

CBRE
CB RICHARD ELLIS

The Directors of Goodman Group
C/o – Mr Alex Martin
Valuation and Investment Executive
Goodman Group
Level 10, 60 Castlereagh Street
SYDNEY NSW 2000

Dear Sir,

Re: Moorabbin Airport and Business Park, Mentone VIC

We confirm having completed a valuation of the leasehold interest with respect to the Moorabbin Airport and Business Park, Mentone Victoria, as at the 31 July 2010 for potential acquisition purposes and can not be relied upon for any other purpose.

The following document represents a summary of our formal and complete valuation report dated 31 July 2010.

We recommend this summary document be read in conjunction with our full and formal valuation report (in particular our Critical Assumptions section) together with any other independent expert reports commissioned by the Goodman Group.

EXECUTIVE SUMMARY - Leasehold Interest Moorabbin Airport and Business Park.	
SUMMARY of VALUES "As Is"	
Assessed Value of Operational Airport Aviation Facility	$22,100,000
Investment Assets	$91,630,000
TOTAL ASSESSMENT - As Is (excluding developable land)	**$113,730,000**
Assessed Value of other Vacant Developable Land	$87,770,000
TOTAL ASSESSMENT - As Is (Rounded)	**$201,500,000**

VALUATION & ADVISORY SERVICES

CBRE
CB RICHARD ELLIS

Part A: Valuation Summary and General Information

1 Valuation Summary

Property: **Moorabbin Airport and Business Park**
Grange /Centre Dandenong / Boundary & Lower Dandenong Roads
MENTONE VIC 3194

Client: The Directors of Goodman Group
C/- Mr Alex Martin
Valuation & Investment Executive
Goodman Group
Level 10, 60 Castlereagh Street
Sydney NSW 2000

Purpose: Potential Acquisition

Interest Valued: Leasehold

Basis of Valuation: Market Value of the Leasehold Interest in the property "As Is".
<u>**Note:**</u> This valuation is for potential acquisition purposes only, as such it cannot be relied upon for any other purposes.

Land Area: 2,940,000 sqm (294 Hectares)

Town Planning: Commonwealth of Australia 'CA' - Kingston Planning Scheme

Brief Description: The Moorabbin Airport and Business Park complex (Property) occupies a substantial site bounded by Centre Dandenong Road to the north, Boundary Road to the east, Lower Dandenong Road to the south and Grange Road along part of the western boundary being approximately 21 kilometres south east of the Melbourne Central Activities District.

The Property is situated in a band of mixed commercial / industrial and residential development bounded to the north by the Princes Highway and the south by the Nepean Highway, being east of Warrigal Road and west of Springvale Road. The total site area is approximately 294 hectares.

The Property is held under an initial 50 year lease term with an option term (exercisable by the Lessee) of a further 49 years, between the Commonwealth of Australia (Lessor) and Moorabbin Airport Corporation (Head Lessee).

The Property incorporates a number of components including:

- *Operational Airfield.*
- *Aviation Related Ground & Building Tenancies (approx. 44 and 20 tenancies respectively).*
- *Non Aviation Tenancies (ground leases to 2 Service Stations and Direct Factory Outlet Complex).*
- *Kingston Central Plaza (retail complex incorporating approx. 8 retail tenancies).*
- *Chifley Business Park (modern industrial estate held under a ground lease to Goodman Australia Industrial Fund) and*
- *Non Airside Commercial Development Land parcels (a portion of which, fronting Boundary road, is proposed to be developed with a Retail complex to be anchored by a "blue chip" tenant) including a supermarket and discount and department store.*

Dates of Inspection: 28 July 2010 and 8 August 2010.

Date of Valuation: 31 July 2010

Valuation: <u>**Market Value "As Is" of the Leasehold Interest.**</u>
$201,500,000
Two Hundred and One Million Five Hundred Thousand Dollars
This valuation is exclusive of GST.

Assumptions, Disclaimers, Limitations & Qualifications *All data provided is wholly reliant on and must be read in conjunction with the information provided in the formal report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation. This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the full valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section of the full report Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

Page 2 of 30

CBRE
CB RICHARD ELLIS

2 Location

Moorabbin Airport and Business Park is located within the suburb of Mentone approximately 21 kilometres south east of Melbourne Central Business District within the municipal boundaries of the City of Kingston. Surrounding development comprises both mixed use, commercial / industrial and residential uses.

The Property is bounded by Centre Dandenong Road to the north, Boundary Road to the east, Lower Dandenong Road to the south and Grange Road and Bundora Parade to the west.

Surrounding developments include the Capital Golf Course complex to the north side of Centre Dandenong Road, residential to both the west and part south of the complex and industrial uses along the east side of Boundary Road.

The following map indicates the location of Mentone with metropolitan Melbourne with the arrow indicating the location of the subject property:

CBRE
CB RICHARD ELLIS

3 Moorabbin Airport Master Plan

Since 1998 the Moorabbin Airport Corporation has prepared and had approved three, 5 year Master Plans for Moorabbin Airport in 1999, 2004 and 2009.

In accordance with these Master Plans the Moorabbin Airport Corporation has continued to implement the approved comprehensive strategy and vision to establish and operate a high quality aviation and commercial environment at Moorabbin Airport.

In accordance with a media statement issued on 6 July 2010, the Federal Minister for Transport has approved the 2009 Moorabbin Airport Master Plan. The media statement issued by the Honourable Anthony Albanese MP includes the introduction of a new Planning Coordination Forum and a 60 day extensive public consultation and approval process from the Federal Government Minister prior to the construction of significant non-aeronautical facilities.

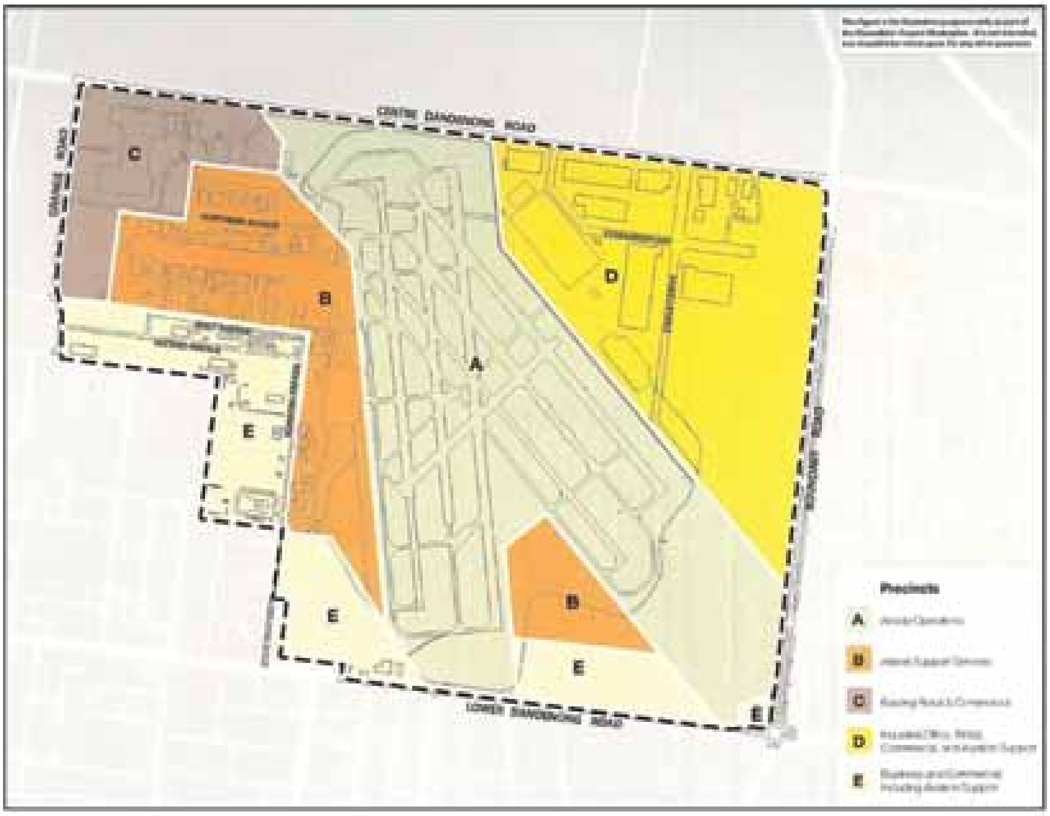
As was the case with the previous approved Master Plan, the approved 2009 Master Plan divides the airport into a number of precincts based on the primary focus of activity in each area. The Precinct Land Use Plan provides an indicative land use framework to respond to varied land use requirements going forward.

The 2009 Airport Master Plan notes 5 precincts as follows:

- <u>Precinct A</u> – 'Airside' Operations. Essentially relates to airport runways, taxiways and aircraft approach routes.
- <u>Precinct B</u> – Airport Support Services. Incorporating two separate land parcels, one abutting the western side of the 'airside' operation and a second parcel to the south of the main runway area situated between the two runway corridors.
- <u>Precinct C</u> – Existing Retail and Commercial. An irregular shaped allotment situated on the south east corner of Centre Dandenong Road and Grange Road, extending south down Grange Road to a short distance north of the junction of Second Avenue. The land extends along Centre Dandenong Road to the boundaries of the operational airport area.
- <u>Precinct D</u> – Industrial, Office, Retail, Commercial and Aviation Support. A large parcel on the south west corner of Centre Dandenong Road and Boundary Road incorporating the Chifley Business Park and extensive vacant land along the Boundary Road alignment.
- <u>Precinct E</u> – Business and Commercial, including Aviation Support. Incorporating two detached parcels fronting the northern side of Lower Dandenong Road, located between the two runway approach areas, the existing BP Australia service station facility on the corner of Lower Dandenong Road and a further 'L' shaped land parcel centrally located on the site having access via Grange Road and incorporating Second Avenue and Bundora Parade.

The various precinct areas are illustrated on the plan below.

CBRE
CB RICHARD ELLIS



4 Market Commentary

4.1 Australian Property Market

In late 2009 we witnessed the early stages of Australia's economic recovery with economic conditions stronger than anticipated. Consumer demand remained solid as a result of fiscal stimulation and household finances began to improve due to stronger labour markets and a recovery in household net wealth. So far in 2010 the economic data suggests that the market is continuing to recover and investment confidence is continuing to improve.

As a result of these wider economic events, activity in the institutional grade property markets has begun to recover. Most listed and unlisted property groups attempted to divest non core assets when market conditions were at their weakest in late 2008 and early 2009 to reduce gearing but due to a lack of demand ultimately completed large equity raisings to reduce debt levels.

In recent months we have witnessed a strong recovery in the share price for most LPTs, albeit off a low base, as there is general market consensus that we have passed the bottom of the current cycle. Consumer sentiment has remained resilient albeit subject to greater volatility and Australia's economy has performed relatively well. Still, managing the rising cost of debt as

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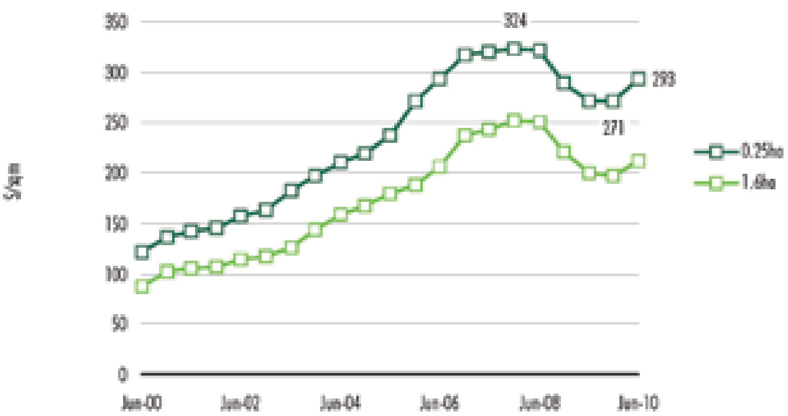
existing facilities mature and achieving the right balance between optimism and caution will continue to challenge the sector.

The Reserve Bank's focus on stimulating the economy through significant cuts to interest rates has come to an end with interest rates forecast to rise further over the next 12 months. The impact on the Australian Property market will depend largely on the margins that banks charge over and above their base rate and the degree in which liquidity returns to the wholesale credit markets. However, with property yields for better quality assets having now stabilised and with the larger LPTs now well capitalised, we are observing greater participation from Australian institutions and overseas investors at the time when supply has been dramatically reduced. The rapid rebalancing between demand and supply has been a key factor behind the market's improved sentiment and the forecast of greater valuation stability in the future.

4.2 Industrial Land Values – Market Comment

General industrial land values throughout Melbourne have shown rebound from the market adjustment in mid 2008 and development sites have again become an active part of the industrial property market.

Melbourne metropolitan industrial land values



Source: CBRE Market View Melbourne Industrial 2Q 2010

As indicated in the above table, average land values for serviced allotments in the order of 2,500 square metres peaked at approximately $324 per square metre in June 2008 falling to a level in late 2008 in the order of $270 per square metre and rebounding in June 2010 to approximately $292 per square metre.

In the case of larger allotments ie. serviced 1.6 hectare parcels, a similar situation existed albeit at a lower strata with land values peaking at approximately $250 per square metre in June 2008 fall into a level of approximately $200 per square metre in late 2008 and rebounding slightly in June 2010 to approximately $220 per square metre excluding GST.

We note the "East" and "South-East" sectors of Melbourne indicated the strongest 6 monthly growth in land value whereby land values for 2,500 square metre allotments in the "East" precinct of Melbourne increased approximately 10.9% over the 6 months to second quarter 2010 and the "South-East precinct" increased at a rate of approximately 11% over the similar time frame. In terms of larger industrial land parcels (circa 1.6 hectares) the percentage increase over the 6 month duration was less spectacular showing rates of 4.8% in the case of the "East" industrial precinct and 6.3% in the case of the "South-East" precinct.

4.3 Moorabbin Airport and Business Park and Surrounding Precinct

The Moorabbin Airport and Business Park complex is well located within a developed commercial, industrial and residential precinct, and is situated approximately 2.5 kilometres east of the Nepean Highway, a main north-south roadway servicing Melbourne's southern suburbs, and featuring substantial, established commercial development.

The Property is bounded on two sides (Grange Road and Lower Dandenong Road) by older style established industrial development which generally comprises smaller office warehouse facilities. Adjoining one boundary of the Moorabbin Airport is the large Hella Australia motor vehicle light assembly manufacturing plant fronting Southern Road.

The close by suburb of Braeside has established itself as a popular, well located industrial precinct which is now experiencing limited land supply, as a consequence, this property represents the only single large land holding suitable for ongoing industrial and business park type development within a planned 'estate' type setting to occur in this region.

From an industrial and business park user's viewpoint, the Moorabbin Airport is well located in terms of access to main roads including Centre Dandenong Road, Boundary Road and Lower Dandenong Road and being sufficiently separated from nearby residential development to the south west of the airport. The road frontages of approximately 2 kilometres, 1.2 kilometres and 5 kilometres to Centre Dandenong, Lower Dandenong and Boundary Roads respectively, provides for well exposed land attractive to industrial occupiers.

4.4 Long Term Investment Sales Evidence

Whilst our valuation report makes reference to commercial/industrial investment sales evidence, the following table (which also appears in our full report) identifies recent market transactions which were subject to long term lease tenure. Whilst comprising differing asset classes, it does provide a level of market insight into the investor demand for securely leased long term commercial investment properties, similar to the Non Aviation and Chifley Business Park components of the total Airport and Business Park complex.

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Property	Sale Date	Sale Price	Land Area	Lett. Area	Net Income (PA)	Initial Yield	Equiv Yield	$psm Land	$psm Lett. Area	WALE (yrs)
VICTORIA										
Downer EDI Tenancy **125 Somerton Road** **Somerton.**	Apr 2010	$7,600,000	84,940	9,714	$711,679	**9.36%**	**9.36%**	**$89**	**$782**	**15.0**
comments	A long term industrial investment property occupied by a high profile engineering company. Reviews of rental occur on an annual basis to the greater of CPI and 3%.The property represents a long term cashflow position with a reversion to potential land subdivision. The land parcel contained within this property is an irregular shaped parcel having a long access laneway land parcel (approximately 20 metre frontage to Somerton Road) only. The irregular shaped, limited frontage land, coupled with the higher price quantum explained the higher initial yield position when compared with more generic industrial properties of smaller dollar quantum.									
Downer EDI Tenancy **87 St Georges Road** **Norlane, Geelong.**	Apr 2010	$2,230,000	22,892	3,624	$166,447	**7.46%**	**7.46%**	**$97**	**$615**	**10.0**
comments	A long term industrial investment property occupied by a high profile engineering company. Reviews of rental occur on an annual basis to the greater of CPI and 3%.Whilst a low quantum value asset, the strength of the lease covenant produced a firm initial yield position.									
Royal Hotel **873 Mount Alexander Road** **Essendon.**	Feb 2010	$6,785,000	3,198		$425,630	**6.27%**	**6.27%**	**$2,122**		**18.0**
comments	A operating Hotel premises leased to Aust. Leisure and Hospitality Group (ALH) - 75% owned by Woolworths Ltd). Annual rent reviews to CPI. Triple Net Lease position. The property represents a long term cashflow position with very strong redevelopment potential.									
Mountain View Hotel **176 Springvale Road** **Glen Waverley.**	Feb 2010	$10,900,000	13,500		$757,526	**6.95%**	**6.95%**	**$807**		**18.0**
comments	A operating Hotel premises leased to Aust. Leisure and Hospitality Group (ALH) - 75% owned by Woolworths Ltd). Annual rent reviews to CPI. Triple Net Lease position. The property represents a long term cashflow position with very strong redevelopment potential.									

Whilst comprising various property classes, typically the above properties exhibit long lease tenure to high profile occupiers with strong redevelopment potential to a higher and better use on lease expiry.

4.4.1 Comments Regarding Major Industrial Investment Transactions

Our full report details major industrial investment sales evidence which has occurred in VIC, NSW, WA and QLD. The most significant transaction to occur recently is summarised as follows:

Salta Portfolio, Victoria, NSW, Qld and WA

Recently contracted was the sale of an industrial investment portfolio from the Vendor Salta Properties to an overseas investment company comprising 8 properties throughout Australia including five tenant companies (Westgate Logistics is the occupier of multiple buildings). The location and tenant profile of the portfolio is summarised as follows:

- 484-490 Great Western Highway, Arndell Park, NSW
  Lessee – Westgate Logistics.
  Constructed - 2002
  WALE: 3.12 years

- 494-500 Great Western Highway, Arndell Park, NSW
  Lessee – Westgate Logistics.
  Constructed – 1999
  WALE: 3.12 years

- 62 Stradbroke Street, Heathwood, Qld
  Lessee - Westgate Logistics.
  Constructed – 2002
  WALE: 2.17 years

- 82 Noosa Street, Heathwood, Qld
  Lessee – Coles Group.
  Constructed – 2006
  WALE: 7.00 years

- 700-718 Kororoit Creek Road, Altona North, Victoria
  Lessee – Nestle Australia
  Constructed – 1998
  WALE: 2.84 years

- 676 Kororoit Creek Road, Altona North, Victoria
  Lessee – Coles Group.
  Constructed – 2007
  WALE: 7.03 years

- 16-38 Transport Drive, Somerton, Victoria
  Lessee – Westgate Logistics.
  Constructed – 1992
  WALE: 4.83 years

- 35 Bailey Road, Canningvale, WA
  Lessee – J. Blackwood.
  Constructed – 2009
  WALE: 11.09 years

The portfolio of industrial investment assets recently transferred to an overseas investment fund for a price in the order of $220,000,000, indicating an initial yield to the purchaser in the order of 8.91%. The assets were constructed between 1992 and 2009 with varying weighted average lease expiries (WALE's) and comprise a combination of prime and secondary assets.

4.5 Market Sales Evidence – Vacant Land Parcels

A downturn in the property markets around Australia as a result of the Global Financial Crisis in late 2008/early 2009 saw a dramatic shift away from land banking of broadacre industrial land and development of commercial land which was an asset class keenly sought by both large and small institutional and private developers.

Essentially the market readjustment for commercial and industrial land development was predicated on the following:

- Difficulties in obtaining debt funding. Banks and financial houses adopted a negative attitude toward the funding of broadacre industrial land and commercial development sites.
- The extent of holding costs associated with undeveloped land, in particular the liability of State Land Tax.
- Given the reluctance for banks to debt fund, particularly broadacre industrial land, equity contributions rose significantly at a time when strong opportunity cost prevailed by way of acquiring income producing assets at competitive prices. The alternative to investing high levels of equity into broadacre, non income producing, industrial and commercial development sites became unpalatable to investors.
- Upward pressure on land subdivision costs, in particular broadacre subdivision works with regard to infrastructure items.
- Reduced sales velocity for subdivided land parcels.

In determining an appropriate value for the vacant developable land allotments within the various precincts earmarked for future commercial / industrial and / or retail development, we have collated a broad range of evidence summarised below.

Property	*Sale Date*	*Sale Price*	*Land Area*	*Zoning*	*$psm Land*
VICTORIA					
Woodlands Drive Braeside	Jun 2010	$1,200,000	4,007	IND 2	**$299**
Stud Road Rowville	May 2010	$11,915,729	77,410	IND 2	**$154**
Australand Purchase Englobo land Kororoit Creek Road Altona North	May 2010	$29,700,000	380,000	IND1	**$78**
Ex Bunnings site 180 -196 Gaffney Street cnr Sussex Street Coburg	May 2010	$5,725,000	17,488	IND3	**$327**
Merrindale Estate 1 Centre Way Croydon South	Apr 2010	$5,000,000	19,960	IND1	**$251**

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Property	Sale Date	Sale Price	Land Area	Zoning	$psm Land
208 Fairbairn Road Sunshine	Jul 2010	$4,000,000	30,000	IND1	**$133**
Ex Vicroads site Mahoneys Road Thomastown	Apr 2010	$2,570,000	12,900	IND1	**$199**
Ex-McFarlane Generators site 99-121 Corinish Road Clayton	Apr 2010	$4,150,000	2,700	Bus 1	**$1,537**
62 Wests Road cnr Raleigh Road Maribyrnong	May 2010	$5,810,000	8,907	Comp Dev. Zone	**$652**
Spring Valley Business Park Lot 4 610 Heatherton Road Clayton South	Mar 2010	$2,850,000	16,390	IND1	**$174**
75-91 South Gippsland Highway Dandenong	Feb 2010	$5,600,000	38,904	Bus 3	**$144**
Ex - Leader Newspaper site 160 Whitehorse Road Blackburn	Mar 2010	$12,000,000	8,767	Bus 3	**$1,369**
131-141 Western Avenue Tullamarine	Dec 2009	$2,900,000	21,300	Bus 3	**$136**
Ex - Nissan site 260 Frankston-Dandenong Road Dandenong	Apr 2010	$5,085,000	33,900	IND 1	**$150**
Southern Business Park Lot 1 South Park Close Keysborough	Jan 2010	$2,715,666	12,450	Bus 3	**$218**
Ex Patterson Cheney Dealership 43-57 Maroondah Highway Ringwood	Jun 2009	$15,000,000	16,380	Bus 2	**$916**
Ex Holden Site 600 Lorimer Street Port Melbourne	Apr 2010	$12,900,000	44,450	Bus 3	**$290**
830 Lorimer Street Port Melbourne	Jul 2010	$8,350,000	14,300	Bus 3	**$584**

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4.6 Market Commentary – Kingston Central Plaza

The market sales evidence considered in undertaking our assessment is summarised in the following table. Although not all of these transactions are directly comparable, they nonetheless provide an indication of returns required by investors and establish market parameters on which our assessment has been based in the case of Kingston Central Plaza.

SHOPPING CENTRE TRANSACTIONS

Centre Name	*Sale Price*	*Sale Date*	*GLAR*	*Initial Yield*	*Equiv Yield*	*IRR*	*$psm GLAR*
Southern River Shopping Centre Southern River, WA	$25,500,000	Jun 2010	12,346	7.75%	9.50%	10.20%	$2,065
Northgate Village Shopping Centre Northgate, SA	$18,625,000	Jun 2010	5,022	6.00%	7.12%	9.03%	$3,708
Mt Hutton Shopping Centre Mount Hutton, NSW	$10,000,000	May 2010	4,709	9.60%	9.36%	9.76%	$2,124
Village Fair Shopping Centre Regents Park, QLD	$17,500,000	May 2010	4,629	8.88%	8.81%	10.61%	$3,781
Chester Square Chester Hill, NSW	$29,500,000	May 2010	8,301	8.09%	8.06%	9.13%	$3,554
Mundaring Village Shopping Centre Mundaring WA	$19,420,000	Apr 2010	5,737	8.48%	8.48%	10.55%	$3,385
Centro Croydon Croydon, VIC	$31,500,000	Apr 2010	9,757	8.31%	8.47%	9.42%	$3,228
Centro Murray Bridge Murray Bridge, SA	$21,700,000	Apr 2010	8,320	10.54%	10.63%	12.37%	$2,608

4.7 Retail Development Site Sales

The market evidence considered in undertaking our assessment of the vacant land portions included within the Kingston Central Plaza retail development is summarised in the table below. Although not all of these transactions are directly comparable due to a lack of sale evidence, they nonetheless provide an indication of value rates.

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Address	Sale Date	Sale Price	Land Area	Direct $/sqm	Comments
301 Narre Warren Road Narre Warren	Jan-10	$7,000,000	14,540	$481	Business 1 Zone
410 Maroondah Highway Croydon	Nov-09	$5,050,000	7,110	$710	Business 1 zone.
John Street Pakenham VIC	Jul-09	$8,000,000	29,900	$268	Located within close proximity to the retail core of Pakenham. Purchased by Woolworths who will develop an enclosed Sub Regional shopping centre anchored by Woolworths, Big W, a mini major tenancy and 40 specialities.
Cnr Epping & Lyndarum Roads Epping	May-09	$6,500,000	18,000	$361	Comprehensive Development
Hume Drive Taylors Hill	Jun-09	$15,000,000	31,500	$476	Business 1 zone.
Lot 52-56, 629715A Commercial Road Caroline Springs	Early 2009	$3,395,420	9,144	$371	CDZ1. A vacant 'L' shaped site allowing for a mixture of commercial and residential development, currently in 5 adjoining parcels of land.
Lot 2 Pascoe Vale Road Coolaroo VIC	Feb-09	$12,700,000	95,920	$132	Currently part zoned B3Z (to the rear of the site) and B4Z (along the Pascoe Vale Road frontage).

The sales above indicate a value range of between $132 and $710 per square metre of land area.

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Part B: Valuation Components

5 Executive Summary – Chifley Business Park

The Chifley Business Park incorporates a large land parcel on the southern side of Centre Dandenong Road a short distance west of the junction of Boundary Road and bounded on the west by the alignment of the Moorabbin Airport aviation area.

Presently, the Chifley Business Park accommodates a number of modern purpose-built, office / warehouse facilities occupied by Coca Cola Amatil, Rayovac, Visypak and Safton, in addition to a large 7,100 square metre office building leased to Simplot Australia Pty Ltd. Various agreements are in place with respect to sub-sub leases which provide for ground rent with regular market review structures payable to MAC albeit on various terms, some including existing slow start up ground rentals with regular market reviews. Currently Lots P, Q, S and U are vacant land and not subject to a ground lease.

Valuation Summary (Leasehold Interest)

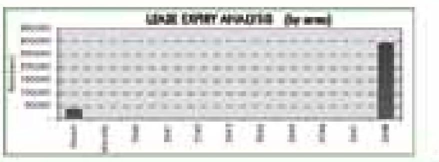
Net Land Area	332,594 sqm
Valuation Approach	Capitalisation Approach, DCF Analysis
Date of Valuation	**31-Jul-10**
Market Value	**49,000,000**
Net Income Est (Fully Leased)	
Contract & Market Vacancies	2,560,248 $7.70 psm
Passing Income	2,129,128 $6.40 psm
Investment Parameters	
Capitalisation Rate	**7.75%**
Terminal Yield	**7.75%**
Target IRR	**9.50%**
Analysis	
Passing Initial Yield	4.35%
Equated Reversionary Yield	8.25%
Ten Year IRR (indicated)	9.61%
Value per Square Metre	$147 psm
Current Vacancy Rate	11.50%
Vacancy Allowance	Nil
Weighted Avg Lease Term	37.90 years plus Option term

Rental Analysis

Item	Market Rent	Contract Rent	$psm
Site Lease	3,612,498	2,129,128	6.40
Industrial	-	-	-
-	-	-	-
-	-	-	-
Monthly	-	-	-
Gross Rent (as occupied)	**3,612,498**	**2,129,128**	6.40
Other Income	-	-	-
Land Tax	-	-	-
Net Passing Income	**3,612,498**	**2,129,128**	**6.40**
Future Income - Vacancies	431,120	431,120	11.27
Future Income - Carparking	-	-	
Future Income - Sundry	-	-	
Bad Debt Allowance	-	-	-
Net Income (Fully Leased)	**4,043,618**	**2,560,248**	**7.70**

Tenancy Profile

Tenant/Category	% by Area	Area (sqm)	Contract Rent	Weighted Avg Lease Term
Site Lease	88%	294,334	2,129,128	37.90 years
Industrial				
Monthly				N/A
Vacant Land	12%	38,260		N/A
TOTAL	**100%**	**332,594**	**2,129,128**	**37.90 years**



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5.1 Ground Rent Evidence & Summary

We have given consideration to the likely level of market ground rent applicable to the land contained within the estate. In particular we have considered ground evidence such as:

- Level of ground rental (in particular the forthcoming market reviewed ground rents for Lots A, F, T and N in October 2010) within the Chifley Business Park Estate
- Tullamarine Airport; and
- General market ground rent evidence.

Melbourne Airport Business Park Estate

Traditionally ground rental evidence exists within the Melbourne Airport Business Park Estate incorporates fringe land around Melbourne Airport.

From discussions with Melbourne Airport Corporation we understand that generally office related "B2 Zone" type land attracts ground rental rates in the order of $12 to $15 a square metre.

More conventional industrial land is in the order of $8 to $10 a square metre ground rent depending upon size and prominence of location.

General Ground Rent Evidence

We have considered ground rental evidence at Essendon Airport, non-Airport locations (Laverton and Brooklyn) as well as the Port of Melbourne precinct. Across all locations ground rental rates fall within the broad range of $6.80 to $25.15 per square metre per annum net excluding GST.

Summary

Based on a fully leased and occupied basis (exclusive of Lot V), the total market ground rent is calculated to be the sum of $4,043,618 per annum excluding GST (which reflects an average overall rental of $12.16 per square metre per annum net excluding GST).

5.2 Capitalisation Rate Rationale

In adopting our assessed market capitalisation rate applicable to the Chifley Business Park component of the total Airport complex, we have considered the following issues;

- Yield differential between freehold and leasehold ownership;
- Risk profile of ground rentals;
- Lack of building obsolescence risk;
- Quality and extent of the developed Business Park Estate;
- High underlying land value;
- The existing vacancy in the case of Lots P, S, Q and U;
- Premium yield rates applicable to prime industrial investment sales (range 8.00% - 8.50%);

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- Average 10 year Government bond rates (long term average circa 5.50%);
- The long term ground lease tenure (leases to Goodman Australian Industrial Fund);
- The market ground rent reversion (in some cases significant) applicable over time.
- The low initial yield position and forecast running yield for the first 2 years of the 10 year cash flow.

We have also considered the capital value of this Airport component by reference to Discounted Cashflow analysis over a 10 year investment horizon based upon a target Internal Rate of Return (IRR) of 9.5%.

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6 Executive Summary – Non Aviation Ground Leases

In addition to Chifley Business Park, the Moorabbin Airport complex incorporates three non aviation ground lease agreements as detailed in our full report.

Essentially the non aviation leases extend to:

- Oz Fuels Service Station site on the corner of Centre Dandenong Road and Grange Road;
- Direct Factory Outlets, a large site fronting the southern side of Centre Dandenong Road and the eastern side of Grange Road; and
- BP Service Station site, situated on the corner of Boundary and Lower Dandenong Roads.

Valuation Summary (Leasehold Interest)

Net Lettable Area	91,368.2 sqm	
Valuation Approach	DCF Analysis, Capitalisation Approach	
Date of Valuation	31-Jul-10	
Market Value	20,500,000	
Net Income Est (Fully Leased)		
Contract & Market/Vacancies	1,202,062	$7 psm
Passing Income	1,202,062	$7 psm
Investment Parameters		
Capitalisation Rate	6.85%	
Terminal Yield	7.25%	
Target IRR	9.00%	
Analysis		
Passing Initial Yield	5.86%	
Reversionary Yield	8.37%	
Ten Year IRR (indicated)	9.16%	
Value per Square Metre	$224 psm	
Current Vacancy Rate	Nil	
Vacancy Allowance	Nil	
Weighted Avg Lease Term	11.94 years	

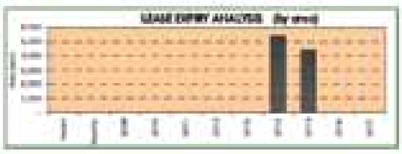
Rental Analysis

Area	Market $pa	Contract $pa	$psm
	-	-	-
Monthly	-	-	-
Gross Rent (as occupied)	**1,685,563**	**1,202,062**	**13**
Carparking Income	-	-	-
Other Income	-	-	
Gross Income	**1,685,563**	**1,202,062**	**13**
Land Tax	-	-	-
Net Income	**1,685,563**	**1,202,062**	**13**
Future Income - Vacancies	-	-	-
Future Income - Carparking	-	-	-
Future Income - Sundry	-	-	
Bad Debt Allowance	-	-	-
Net Income (Fully Leased)	**1,685,563**	**1,202,062**	**13**

Note: Gross rents include outgoings recovery (where applicable).

Tenancy Profile

Tenant/ Category	% by Area	Area (sqm)	Contract Rent	Expiry/	Avg Lease Term
TOTAL RENT AS OCCUPIED		91,368.0	1,202,062		11.94 years



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6.1 Non Aviation Component Valuation Rationale

Direct Factory Outlet Tenancy

The DFO tenancy occupies a substantial ground lease fronting both Lower Dandenong Road and Grange Road. The current lease term expires in June 2014 and two further option periods (one known as a "Further Term" of 10 years and a second known as an "Additional Term" of 10 years) is applicable. The ground lease notes that if the tenant wishes to extend the tenancy of the premises for the Further Term or Additional Term, and it is not in default at any time of the request or thereafter, the Corporation and the tenant shall execute a form of Extension of Lease prepared by the Corporation's solicitors at the cost of the tenant.

We consider the current Lessee in the case of this non aviation ground lease to be in an advantageous position by way of:

a) Paying a ground rent which relates to an industrial, as opposed to commercial/retail type, land use activity; and

b) The significant capital expenditure incurred by the Lessee (past and present) by way of structural building improvements on the land.

This being the case, we believe that a prudent and viable operating business incorporated within this ground lease would seek to maximise their lease occupation to take advantage of this position. Whilst it could be argued that the sub-lessee would be likely to continue in occupation for the "Additional Term" of 10 years and therefore a 24 year remaining lease term could be accepted, we have taken the view that there is less certainty around future events which may or may not occur beyond the next 14 years.

In terms of our assessment of market ground rent for the DFO ground tenancy, given the absence of directly comparable market evidence based on a commercial land use activity, we have had regard to percentage return of underlying land value, adopting a land value rate of approximately $300 per square metre.

In applying our adopted capitalisation rate we had regard to the following factors:

- Leasehold versus freehold ownership.
- The limited and reduced risk profile attracted from ground leases (i.e. no depreciation of buildings or obsolescence).
- The "prime site" nature of most of the ground leases and future redevelopment potential.
- A probability of DFO option terms (i.e. Further Terms) given the significant capital expenditure outlaid on the buildings by the occupier and the advantageous position to ground rent.
- Blended capitalisation rate of 6.83%.

We have also considered the capital value of this component by reference to Discount Cashflow analysis over a 10 year investment horizon based upon a target Internal Rate of Return (IRR) of 9.0%.

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7 Executive Summary – Aviation Related Ground & Building Leases

7.1 Summary

The aviation related uses within the total Airport holdings incorporate the aviation ground and building leases and apron licences. This component benefits from a relatively captive tenant base within the airport for aviation related uses that need to be on site (providing airside access) in order to operate their businesses.

The apportionment of current tenancies is indicated as follows;

a) Site leases – 44 tenants

b) Building leases – 20 tenants

c) Apron Licences – 37 tenants

In addition 23 tenants are located on what is termed 'Developable Land Parcels' of the Airport. The rental income flowing from these tenancies has been treated as a present value function until the forecast development takeup times allocated to the various parcels.

Building improvements within the aviation component comprise predominantly dated aircraft hangar style accommodation or modest office buildings. The most significant building lease is to the Civil Aviation Safety Authority which comprises a modern office building of approximately 1,100 square metres leased for 10 years until 30 September 2010.

Site leases include a number of sites with building improvements which are tenant owned and these are required to be made good (removed) at the end of the lease or the improvements revert back to the Head Lessor.

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Valuation Summary (Leasehold Interest)

Lettable Area:	111,145 sqm
Valuation Approach	Capitalisation Approach, DCF Analysis
Date of Valuation	**31-Jul-10**
Market Value	**23,500,000**
<u>Net Income Est (Fully Leased)</u>	
Contract & Market Vacancies	2,213,877 $20 psm
Passing Income	2,209,709 $20 psm
Investment Parameters	
Capitalisation Rate	**9.00%**
Terminal Yield	**9.50%**
Target IRR	**10.00%**
<u>Analysis</u>	
Passing Initial Yield	9.40%
Reversionary Yield	8.78%
Ten Year IRR (indicated)	14.41%
Value per Square Metre	$211 psm
Current Vacancy Rate	0.48%
Vacancy Allowance	2.50%
Weighted Avg Lease Term	2.85 years

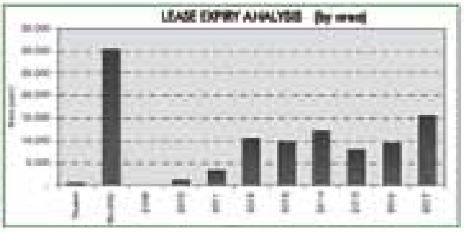
Rental Analysis

Item	Market $pa	Contract $pa	$psm
Building Lease	441,414	486,772	65
Site Lease	921,025	941,540	17
Apron Licence	116,494	126,669	8
-	-	-	-
Monthly	632,961	654,728	22
Gross Rent (as occupied)	**2,111,894**	**2,209,709**	**20**
Carparking Income	-	-	-
Other Income	-	-	
Gross Income	**2,111,894**	**2,209,709**	**20**
Land Tax	-	-	-
Net Income	**2,111,894**	**2,209,709**	**20**
Future Income - Vacancies	3,169	3,169	7
Future Income - Carparking	-	-	-
Future Income - Sundry	-	-	
Bad Debt Allowance	(52,877)	(52,877)	(0.48)
Net Income (Fully Leased)	**2,062,187**	**2,160,001**	**19**

Note: Gross rents include outgoings recovery (where applicable).

Tenancy Profile

Tenant/ Category	% by Area	Area (sqm)	Contract Rent	Weighted Avg Lease Term
Building Lease	7%	7,499	486,772	1.75 years
Site Lease	51%	56,950	941,540	5.08 years
Apron Licence	14%	15,918	126,669	5.20 years
Monthly				
– Building Leases	23%	7,056	346,827	N/A
– Site Leases	44%	13,233	217,857	N/A
– Apron Licences	33%	10,001	90,045	N/A
Vacant	0%	488		N/A
TOTAL		**111,145**	**2,209,709**	**2.85 years**



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7.2 Valuation Rationale

When selecting an appropriate yield rate applicable to the airport related land uses (site and building leases) we have had particular regard to the leasehold nature of the property. Whilst evidence existed previously, in stronger market conditions of no yield differential between freehold and long term leasehold (Orchard Funds purchase of Australand industrial leasehold assets at Tullamarine Airport), we consider that in light of weaker real estate market conditions prevailing, a hypothetical purchaser would attribute an investment risk differential between freehold and leasehold assets, if for no other reason than one of funding difficulties.

We have adopted a Capitalisation Rate to the fully leased ground and building leases and upon licences comprising the Aviation Real Estate component of the total airport complex at a rate of 9.00%.

The application of the adopted capitalisation rate has regard to the following factors:

- Leasehold versus freehold ownership.
- The weighting of rental income to ground leases (approximately 44%).
- The dated nature of owner occupied hangar buildings.
- The ongoing maintenance liability with respect to hangar buildings.
- The typical short term lease nature of covenants.
- The pending vacancy of CASA (circa 1,100 square metres office building).
- A risk margin above long term average 10 year government bond rate (circa 5.5%).

We have also considered the capital value of this Airport component by reference to Discounted Cashflow analysis over a 10 year investment horizon based upon a Target Internal Rate of Return (IRR) of 9.50%.

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8 Executive Summary – Operational Airport

Statistics compiled by Airservices Australia confirm that Moorabbin Operational Airport is now the fourth busiest airport for aircraft movements in Australia. During the 2009/2010 financial year Moorabbin had 282,734 movements. Jandakot Airport in Western Australia (321,478), Bankstown Airport Sydney (307,210) and Sydney Airport (296,104) rate 1, 2 and 3 respectively in terms of aircraft movement numbers for the year ending June 2010.

The area of the total airport facility utilised for the Operational Aircraft activities is designated A in the following plan precinct:

Valuation Summary (Leasehold Interest)

Lettable Area:	
Valuation Approach	Capitalisation
Date of Valuation	**31-Jul-10**
Market Value	**(1,400,000)**
Operational Income	
Assessed Ongoing Annual	
Aviation Gross Revenue	750,000
Aircraft Parking Gross revenue	86,891
Assessed Ongoing Operating Expenses	(1,215,177)
Estimated Annual Shortfall Operating Loss	(378,286)
Discount Rate to Operational Loss	30.00%
Estimate of Runway Repair works	(100,000)

Income Analysis

Item	Market Rent	Contract Rent
Aviation Gross Revenue		750,000
Aircraft Parking Gross revenue		86,891
Gross Revenue	-	**836,891**
Carparking Income	-	-
Other Income	-	-
Gross Income	-	**836,891**
Ongoing Operational Expenses	-	(1,215,177)
Net Operating Loss	-	**(378,286)**

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8.1 Valuation Rationale

We have been provided with unaudited copies of financial statements for the financial year ending 30 June 2007, 2008 and 2009 together with a copy of a forecast budget for the year ending 30 June 2010 and forecast for financial year ending 2011 with respect to the Moorabbin Airport Corporation. Should such audited statements materially differ from that noted below the total value component will be affected.

From reference to the various financial statements provided, we have summarised the aviation income over a 5 year period inclusive of the 30 June 2011 forecast.

Aviation Charges Table

Year ending 30 June	Aviation Charge ($excl GST)
2007	$599,943
2008	$727,459
2009	$730,519
2010 (Forecast)	$812,334
2011 (Forecast)	$974,801

In determining a sustainable gross revenue position as at 31 July 2010, we have considered:

a) The 3 year average position (2008 – 2010 forecast) as being $756,771 per annum; and

b) The 4 year average position (2008 – 2011 forecast) being $811,278 per annum.

Given the strong upward revenue forecast for 2011 (approximately 19% on 2010) we placed less reference on this amount. We have adopted a gross revenue amount for our calculations to be $750,000 per annum excluding GST.

In terms of operational expenses we have averaged the past three years (inclusive of the 2010 forecast) to determine an average annual operating expense of $1,215,177 excluding GST.

The application of a discount rate to this ongoing financial loss position to derive a value for the operational airport is difficult to quantify. In considering the same we have had reference to the percentage returns expected on leasehold investments i.e. hotel leasehold interests where business interests are being transferred. We note that such business interests are usually transferred at a positive value as opposed to a negative in this instance. Clearly such discounts fluctuate dramatically depending on the existing and future income streams and location characteristics. We have come to the conclusion that an appropriate discount rate or business value multiplier is 30%. Tracking the trading position over the past 3 financial years indicates an average annual operating loss position of approximately $730,000. The 2010 forecast numbers suggest a significant decline in operating loss and perhaps a trend towards positive net income position in the future.

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9 Executive Summary – Kingston Central Plaza (Precinct C1)

The property is improved with a single level 'Neighbourhood' shopping centre with external fronting tenancies designed in a 'U' shaped configuration. The centre commenced trading during 2004 and includes a freestanding building comprising 'The Good Guys' which commenced trading in 2005. On site car parking is provided for approximately 420 vehicles. Tenants within the shopping centre include Aldi, Sam's Warehouse, The Good Guys and 5 specialty tenancies. The property also comprises a vacant land component of 19,265 square metres.

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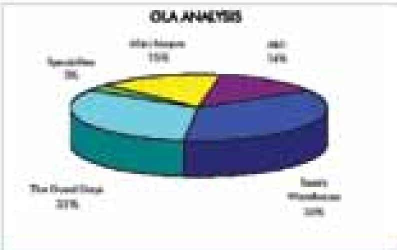
Valuation Summary (Freehold Interest)	
Gross Lettable Area	9,451.0 sqm
Valuation Approach	Capitalisation & DCF
Date of Valuation	31-Jul-10
Market Value (Excl Land)	20,630,000
Market Value (Incl Land)	24,000,000
Net Passing Income	1,847,785
Net Income, Fully Leased	1,847,785
Net Market Income, Fully Leased	1,847,785
Outstanding Tenant Incentives	Nil
Passing Initial Yield (excl. land)	8.96%
Reversionary Yield (excl. land)	8.96%
Adopted Capitalisation Rate	8.75%
Terminal Yield	9.25%
Target IRR	9.75%
Ten Year IRR (Indicated – excl. land)	9.92%
Value psm of GLA (excl. land)	$2,183
Vacancy Allowance (% of spec. Inc.)	4.00%
Current Vacancy Rate	Nil

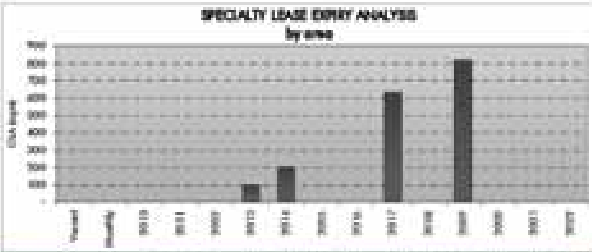
Note: Net income figures above are before deduction of vacancy/bad debts allowance.

Rental Analysis	Passing Rent		Market Rent	
Item	$pa	$sqm	$pa	$sqm
Tenant/Component				
Majors - Gross Rent	1,484,288	193	1,484,288	193
Mini Majors - Gross Rent	526,481	361	526,481	361
Specialties - Gross Rent	189,879	623	189,879	623
Gross Rent (as occupied)	2,200,648	233	2,200,648	233
Other Income	6,900	1	6,900	1
Gross Passing Income	2,207,548	234	2,207,548	234
Less: Total Outgoings	(359,763)	(38)	(359,763)	(38)
Net Passing Income	1,847,785	196	1,847,785	196
Future Income from Vacancies	-	-	-	-
Net Income (Fully Leased)	1,847,785	196	1,847,785	196
Vacancy/Bad Debts Allowance	(7,595)	(1)	(7,595)	(1)
NET INCOME	**1,840,190**	**195**	**1,840,190**	**195**

Tenancy Profile

Tenant/Category	Area (sqm)	Gross Rent	Expiry
Majors (3)	7,687.0	1,484,288	
Mini Majors (2)	1,459.0	526,481	8.1 years
Specialties (3)	305.0	189,879	3.5 years
TOTAL	**9,451.0**	**2,200,648**	





9.1 Valuation Rationale

- The most recent sales evidence indicates equivalent yields within the broad range of approximately 7.12% to 10.63% and initial yields of 6.00% to 10.54%.
- Internal Rates of Return (IRR) on a 10 year cash flow basis fall broadly within the range of 9.03% to 12.37%.
- On capital value rate comparison, the sales evidence discussed above show a general range of between $2,065 to $3,781 per square metre.

Full details of the most relevant market transactions are included as an appendix to our formal valuation report.

We have particularly taken note of the following:

- Fully leased property.
- Current WALE of 4.9 years (by income) and 4.0 years (by area).

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- Rents at the lower end of market parameters.
- Tenants within the Centre do not report sales turnover and are not required to pay percentage rent.
- Future competition from a proposed neighbourhood shopping centre to be developed by Moorabbin Airport on the corner of Centre Dandenong Road and Boundary Road.
- The vacant land lacks its own frontage to Centre Dandenong Road and therefore can only be developed as part of the Kingston Central Plaza complex. For the purpose of our valuation, we have applied a rate of $175 per square metre in the case of the 19,265 sqm to the vacant land parcel.

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10 Executive Summary – Assessed Value of Vacant Developable Land Parcels

In completing the overall assessment of the Property we have considered vacant developable land parcels within the total leasehold holding and have identified approximately 9 sites included within 4 Precincts.

In accordance with the Moorabbin Airport Master Plan, we have identified land parcels suitable for further development in accordance with nominated development precincts:

Having regard to the above, we have determined the following land parcels suitable for development:

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SUMMARY LAND VALUE RATE ADOPTED.
Moorabbin Airport and Business Park

Precinct lot	Land Area Sqm	Assessed Gross Land Value ($sqm)	Deferred Gross Land Value ($sqm)	Allowed deferment term - yrs	Assessed value net of development costs
Part Precinct C	9,081	$100.00	$100.00	0	900,000
Part Precinct C & E					
Precinct C	65,971	$185.00	$185.00	0	9,896,700
Precinct E	6,860	$225.00	$225.00	0	incl in above
Part Precinct E	104,977	$120.00	$76.00	10	8,500,000
Part Precinct E	17,400	$200.00	$150.00	6	incl in above
Part Precinct E	99,890	$170.00	$122.00	7	8,725,700
Part Precinct E	81,400	$180.00	$152.00	5	12,482,400
Precinct B - Possible Aviation Zone	60,000	$80.00	$51.00	10	incl in above
~ sat behind Precinct E					
Precinct D (Rear Land)	140,030	$190.00	$169.00	3	21,467,000
Part Precint D (Front Land)	126,570	$230.00	$230.00	0	22,221,450
Total	712,179				84,193,250

The above summary of values excludes the vacant land parcel which has been included in the Kingston Central Plaza assessment. The remaining variance by comparison to the value attributed to vacant developable land in the Executive Summary can be attributed to rounding.

10.1 Valuation Rationale

In determining our opinion of land values based on a gross land value per square metre, we have considered the following:

- Precinct identification / classification as per Moorabbin Airport 2009 Master Plan.
- Flexible commercial/ industrial land uses as per Master Plan.
- All Precinct Development lots have existing street frontages, four of the land Precincts have main road frontages.
- Established commercial / residential location approx 21 kms from Melbourne CBD.
- Land Infrastructure / development cost allowance has been assessed having regard to a Precinct servicing report prepared by GHD dated July 2009, adjusted for recoverable drainage contributions and costs typically included in building construction pricing
- The nature of the development land is such that it is difficult to accurately quantify land infrastructure costings at this point in time and we note that the GHD report has been used for preliminary budgeting purposes only.
- Given current market circumstances, estimating vacant land development horizons for Precinct parcels within the Property is difficult to quantify. In adopting land value assessments for the various parcels we have attributed various deferments by way of development lag periods to the various parcels.

- Land value escalation rates of between 3% and 5% p.a. have been allowed for over the development lag periods. Equally development cost estimates have been escalated at forecast CPI rates.
- In calculating the present value of the deferral amounts we have adopted a discount rate of 7.5% p.a reflective of the current strata of commercial/ industrial land value levels post the Global Financial Crisis and the expectation of land value growth over time.

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11 Summary

As detailed in our formal valuation report, the following is an abbreviated summary of assessed values adopted for the various components which comprise the Moorabbin Airport and Business Park leasehold interest:

EXECUTIVE SUMMARY - Leasehold Interest Moorabbin Airport and Business Park.	
SUMMARY of VALUES "As Is "	
Assessed Value of Operational Airport Aviation Facility	$22,100,000
Investment Assets	$91,630,000
TOTAL ASSESSMENT - As Is (excluding developable land)	**$113,730,000**
Assessed Value of other Vacant Developable Land	$87,770,000
TOTAL ASSESSMENT - As Is (Rounded)	**$201,500,000**

Prepared By: CB Richard Ellis (V) Pty Ltd

Per: Peter Dickinson FAPI AREI
Certified Practicing Valuer
Senior Director - Valuation & Advisory Services
Valuer responsible for Aviation, Non-Aviation, Chifley Business Park and non Airside commercial development land components of the total leasehold property

Per: Stephen Thomas AAPI
Certified Practicing Valuer
National Director - Retail
Valuer responsible for Kingston Central Plaza component of the total leasehold property

Corporate directory+

Goodman Group

Goodman Limited

ABN 69 000 123 071

Goodman Industrial Trust

ARSN 091 213 839

Responsible Entity

Goodman Funds Management Limited
ABN 48 067 796 641; AFSL Number 223621

Offices

Registered office

Level 10
60 Castlereagh Street
Sydney NSW 2000
Australia

GPO Box 4703
Sydney NSW 2001

Telephone 1300 791 100 (within Australia)
+61 2 9230 7400 (outside Australia)
Facsimile +61 2 9230 7444
Email info@goodman.com
Website www.goodman.com

Other offices

Adelaide, Auckland, Barcelona, Beijing, Birmingham, Brisbane, Brussels, Budapest, Christchurch, Cracow, Düsseldorf, Eindhoven, Fukuoka, Hong Kong, London, Luxembourg, Lyon, Madrid, Marseille, Melbourne, Milan, Osaka, Paris, Perth, Poznan, Prague, Reading, Senec, Shanghai, Sydney, Tokyo, Warsaw

Directors

Mr Ian Ferrier, AM (Independent Chairman)
Mr Gregory Goodman (Group Chief Executive Officer)
Mr Patrick Goodman (Non-Executive Director)
Ms Diane Grady, AM (Independent Director)
Mr John Harkness (Independent Director)
Mr James Hodgkinson (Non-Executive Director)
Ms Anne Keating (Independent Director)
Mr James Sloman, OAM (Independent Director)

Company Secretary

Mr Carl Bicego

Security Registrar

Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
Adelaide SA 5000

GPO Box 1903
Adelaide SA 5001

Telephone 1300 723 040 (within Australia)
+61 3 9415 4043 (outside Australia)
Facsimile +61 8 8236 2305
Email web.queries@computershare.com.au
Website www.computershare.com

Custodians

Trust Company Limited

35 Clarence Street
Sydney NSW 2000

Perpetual Trustee Company Limited

123 Pitt Street
Sydney NSW 2000

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000

ASX code

GMG

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www.goodman.com

+ Goodman Group
Goodman Limited
ABN 69 000 123 071
Goodman Funds Management Limited
ABN 48 067 796 641; AFSL Number 223621
As Responsible Entity for
Goodman Industrial Trust
ARSN 091 213 839

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:

Security registry - Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001 Australia
or
Registered office - Level 10
60 Castlereagh Street
Sydney NSW 2000 Australia

By Fax:
Security Registry - 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)
Registered office - +61 2 9230 7444

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Proxy Form

Vote online 24 hours a day, 7 days a week:
www.investorvote.com.au

☑ **Cast your proxy vote**

☑ **Review and update your securityholding**

Your secure access information is:

Control Number:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Sydney time) on Wednesday, 27 October 2010.

How to Vote on Items of Business
All your securities will be voted in accordance with your directions.

Appointment of Proxy
Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms
Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, “Downloadable Forms”.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form →

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark X to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a Securityholder(s) of Goodman Group and entitled to attend and vote hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of the shareholders of Goodman Limited and unitholders of Goodman Industrial Trust to be held at The Sheraton on the Park, Grand Ballroom, 161 Elizabeth Street, Sydney NSW 2000 at 10:00am (Sydney time) on Friday, 29 October 2010 and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company and the Trust: "THAT approval is given for the Moorabbin Proposal, including the issue of 225,384,615 Stapled Securities to the Vendors at an issue price of 65 cents each as part consideration for the acquisition by Goodman Group of the Moorabbin Units, on the terms set out in the Explanatory Memorandum for the purposes of Listing Rule 10.11 and for all other purposes."			

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________________ **Contact Daytime Telephone** ____________________ **Date** ___ / ___ / ___