

asx release+

Proposal for Goodman PLUS securities

Date 14 August 2012

Release Immediate

Goodman Funds Management Limited (“GFML”) in its capacity as responsible entity of the Goodman PLUS Trust (“Issuer”) will be inviting Goodman PLUS Holders to consider a Proposal (“PLUS Proposal”).

In response to current market conditions, the Group is seeking to make the PLUS a more attractive investment opportunity for both existing PLUS Holders and potential future investors.

If approved, the PLUS Proposal will result in existing PLUS being referred to as PLUS II.

PLUS Proposal

The PLUS Proposal requires approval of Goodman PLUS Holders at a general meeting and involves the following key changes to the existing Goodman PLUS;

- + a higher rate of return for PLUS Holders:
 - the PLUS II will offer quarterly, floating rate interest payments with a Margin of 3.90% per annum over the three month Bank Bill Swap Rate, an increase from the current Margin of 1.90% per annum over the Bank Bill Swap Rate offered under the PLUS and the Margin after the Step-Up of 2.90% per annum that would otherwise apply to PLUS from 21 March 2013;
 - an Initial Step-Up Margin of 0.25% per annum will apply if the PLUS II are not Repurchased, Exchanged or Successfully Remarketed on or before 30 September 2022; and
 - a Final Step-Up Margin of 0.75% per annum will apply if the PLUS II are not Repurchased or Exchanged on or before 31 December 2038.
- + the Optional Distribution Payment payable in certain circumstances will be changed from the immediately prior 12 months' unpaid Distribution Amounts to all unpaid scheduled Distribution Amounts since 21 September 2012 plus cumulative compounding interest on these unpaid amounts;
- + the Distribution Restriction will be amended to allow GFML as responsible entity for Goodman Industrial Trust (GIT) (GIT RE) to pay the minimum amount necessary to ensure it is not subject to tax and to permit distributions within the Group.
- + the Goodman Entities will not be released from the Distribution Restriction by the Issuer making a payment in kind distribution (such as ordinary equity or another hybrid security) in place of paying a cash distribution to each PLUS II Holder;
- + Goodman Logistics (HK) Limited (HKCo) becoming a Guarantor of certain obligations of the Issuer in addition to GIT RE and Goodman Limited (GL). From the Effective Date, HKCo will also be subject to the Distribution Restriction; and

Note: Certain Capitalised terms in this release have the meaning given to them in the PLUS replacement PDS dated 26 November 2007 which is available on the Group's website www.goodman.com

Level 17, 60 Castlereagh Street, Sydney NSW 2000 | GPO Box 4703, Sydney NSW 2001 Australia
Tel +61 2 9230 7400 | Fax +61 2 9230 7444 | info@goodman.com | www.goodman.com

Goodman Limited ABN 69 000 123 071

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

- + PLUS II Holders will have the right to require the Issuer to elect to Repurchase or Exchange PLUS II on 31 December 2073.

Under the current PLUS Terms, the Issuer may Remarket, Repurchase or Exchange the PLUS on 21 March 2013. However, in accordance with its powers under the PLUS Terms, GIT RE has directed the Issuer not to Remarket, Repurchase or Exchange the PLUS at that time.

This means that, absent the PLUS Proposal, PLUS would remain on issue on their current terms except that the Margin would increase by the Step-Up Margin from currently 1.90% to 2.90% per annum after 21 March 2013. At the latest, the next Remarketing Date after this would be 21 March 2018.

An Independent Board Committee was established to consider the PLUS Proposal. The Independent Board Committee considered the PLUS Proposal to be in the best interests of PLUS Holders having considered the implications if the PLUS Proposal is not implemented.

The Independent Expert, KPMG Corporate Finance, has concluded that the PLUS Proposal is in the best interests of PLUS Holders and the financial benefits given by the Goodman PLUS Trust to the Group under the PLUS Proposal are on arm's length terms. In reaching this conclusion, the Independent Expert had regard to the advantages, disadvantages and other considerations of the PLUS Proposal, as well as the implications if the PLUS Proposal is not implemented.

The following table presents a summary of the advantages and disadvantages of the PLUS Proposal. Full details of the PLUS Proposal and the Independent Experts Report will be included in the Explanatory Memorandum to be sent to PLUS Holders for consideration of the PLUS Proposal at a general meeting, currently scheduled for 26 September 2012.

Advantages	Disadvantages
<ul style="list-style-type: none"> - The Margin will be 3.90% per annum, compared to the current Margin of 1.90% per annum and the Margin of 2.90% per annum that would otherwise apply from 21 March 2013. - The Margin will be stepped up by 0.25% per annum if PLUS II are not Repurchased, Exchanged or Successfully Remarketed on or before 30 September 2022 and by a further 0.75% per annum if PLUS II are not Repurchased, Exchanged or Successfully Remarketed on or before 31 December 2038. - Each PLUS II Holder will be entitled to require the Issuer to elect Repurchase or Exchange if the PLUS II are not otherwise Repurchased or Exchanged before 31 December 2073. 	<ul style="list-style-type: none"> - In circumstances where the Distribution Restriction applies, GIT RE will be permitted to pay a distribution of the amount necessary to ensure that GFML is not subject to tax in its capacity as responsible entity of GIT which may be a greater amount than currently permitted under the Distribution Restriction.

<ul style="list-style-type: none"> - Following the Effective Date, the Guarantee and the Distribution Restriction will be extended to HKCo. - The Optional Distribution Payment payable in certain circumstances will be changed from the immediately prior 12 months' unpaid Distribution Amounts to all unpaid scheduled Distribution Amounts since 21 September 2012 plus cumulative compounding interest on these unpaid amounts. - The Goodman Entities will not be released from the Distribution Restriction by the Issuer making a payment in kind distribution in place of paying a cash distribution to PLUS II Holders. 	
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The table below provides a high-level example of the effect the PLUS Proposal would have on a PLUS Holder who holds 100 PLUS on the Effective Date (compared against a scenario where the PLUS Proposal was not implemented).

The example assumes that the Bank Bill Swap Rate (which, together with the Margin, determines the Distribution Rate) is 3.63% for the entire period. The Bank Bill Swap rate on 10 August 2012 was 3.63%.

Please note that the outcomes described in the example are affected by a number of factors, including the applicable Bank Bill Swap Rate, whether a Repurchase or Exchange occurs and whether Distribution Amounts are actually paid. Also note that the price at which PLUS may be sold on ASX is dependent on a number of factors outside the PLUS Terms.

	If the PLUS Proposal IS implemented	If the PLUS Proposal IS NOT implemented
Distribution Rate until 21 March 2013	7.53%	5.53%
Distribution Rate from 22 March 2013 to 30 September 2017	7.53%	6.53%
Sum of Distribution Amounts between 22 September 2012 and 30 September 2017	\$3,765	\$3,215
Total Face Value of securities registered to the PLUS Holder	\$10,000	\$10,000

Key dates for the PLUS Proposal:

Event	Date
Notice of Meetings and Explanatory Memorandum issued	Monday 3 September 2012
Last date and time to lodge Proxy Forms	10:00am Monday 24 September 2012
Meetings Date	Wednesday 26 September 2012
IF THE PLUS PROPOSAL IS APPROVED BY PLUS HOLDERS	
Effective Date	Thursday 27 September 2012
First PLUS II Distribution Payment Date	Monday 31 December 2012
First Remarketing Date under the PLUS II Terms	Sunday 31 December 2017

Note: These dates are indicative only and may change.

For further information, please contact Goodman:

Gregory Goodman
Group Chief Executive Officer
Tel +61 2 9230 7400

Nick Vrondas
Group Chief Financial Officer
Tel +61 2 9230 7400

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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom and North America. Goodman Group, comprised of the stapled entities Goodman Limited and Goodman Industrial Trust, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist fund managers of industrial property and business space globally.

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

For more information please visit www.goodman.com