



asx release+

Goodman notes Moody's rating change

Date 23 April 2009

Release Immediate

Please refer to the attached release by Moody's which lowers Goodman's senior unsecured rating from Baa1 to Baa2 and the Goodman PLUS from Baa2 to Baa3. Both ratings remain on review.

This follows the recent change from Standard and Poor's.

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About Goodman: Goodman owns, develops and manages industrial property and business space globally. It is the largest industrial property group listed on the Australian Securities Exchange and one of the largest in the world, with offices across Asia Pacific, UK and Europe. At the core of the Group's success is its integrated customer service model, which reflects the organisation's commitment to creating long-term customer relationships.

Rating Action: Goodman Group

Moody's lowers Goodman's senior ratings to Baa2; maintains review for further downgrade

Sydney, April 23, 2009 -- Moody's Investors Service has today lowered Goodman Group's ("Goodman") issuer and senior unsecured rating to Baa2 from Baa1. In addition, the subordinated debt rating on Goodman's hybrid securities has been lowered to Baa3 from Baa2. Both ratings remain on review for possible downgrade.

"The downgrade is a result of Goodman's weakened financial metrics," says Clement Chong, a VP/Senior Analyst, adding, "It further reflects a highly uncertain outlook for asset valuations and rental yields with the likelihood that both will further deteriorate materially in the coming 12 to 18 months."

Goodman's weak financial metrics are indicated by -- on a look-through basis -- fixed charge coverage of 2.1 times, Debt/Assets about 54%, and Net Debt/EBITDA greater than 9 times, as of December 2008.

"Expectation of falling property prices, lower overall income due to lower development income, and a generally challenging outlook for the commercial property sector, is likely to constrain these metrics further over the next 12-18 months," says Chong, adding, "Further, the group's ability to de-leverage is expected to be hampered by property and capital markets dislocation."

Goodman's ratings remain on review for possible downgrade given the likelihood of further deterioration in leverage to a level inconsistent with a Baa2 rating. However, Moody's acknowledges that the group has previously demonstrated an ability to mitigate this issue through equity raising and asset sales. Nevertheless, meaningful further progress in de-leveraging is challenging. The review will focus on Goodman's ability to do this at a pace and materiality that matches likely changes in asset valuations and revenue deterioration.

The review will also focus on the sustainability of Goodman's broader business model given the current challenges faced by its funds management and development businesses.

The last rating action on Goodman was on March 2, 2009 when its Baa1/Baa2 ratings were placed on review for possible downgrade.

The principal methodology used in rating Goodman was the Rating Methodology for REITs and Other Commercial Property Firms, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this company can also be found in the Credit Policy & Methodologies directory.

The Goodman Group, based in Australia, is an internally managed, integrated property group, with ownership of a substantial portfolio of Australian industrial property assets. In addition, the group has a number of strategic investments in various industrial property funds globally. It also derives earnings streams from providing funds management and property management services together with property development activities.

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