

Q3 2016 OPERATIONAL UPDATE

3 May 2016

Goodman



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VALUE

Goodman Interlink, Hong Kong

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SECTION 1 – QUARTERLY OPERATIONAL HIGHLIGHTS



Goodman Business Park, Chiba, Japan

Quarterly operational highlights



+ **Strong operating performance maintained**

- Increased activity levels resulting in upgraded guidance at the half year maintained
- Ongoing demand for prime industrial space across the global portfolio remains robust, reflecting the quality of the portfolio and customers
- Development business remains a key driver of outperformance

+ **Development completions of \$1 billion in the quarter**

- Maintained development workbook of \$3.2 billion across 72 projects with a forecast yield on cost of 8.1% and a weighted average lease term of 10.3 years
- North America now a significant contributor with \$400 million of commencements year to date

+ **Selective asset rotation strategy continuing**

- Disposed of \$1.8 billion financial year to date (excluding urban renewal sites) across the Group and managed Partnerships
- Asset sales were primarily in Australia, China and European markets
- Further \$1 billion under due diligence or contracted for sale in Australia, Japan, China and UK

+ **Progressing urban renewal strategy ahead of expectations**

- Conditionally contracted for sale \$2.1 billion of sites in Sydney
- Settled \$425 million as at 31 March 2016
- Settlement of sites will continue over the next three years with a further \$700 million expected by December 2016
- Urban renewal pipeline maintained at approximately 35,000 apartments
- Actively pursuing planning on sites for long term urban renewal opportunities

Quarterly operational highlights



+ Ability to create long term value is underpinned by a globally diversified platform

- **Australia:** Yield spreads to low interest rates remaining attractive and therefore demand in industrial assets expected to continue. Urban renewal providing further rotation opportunities and driving development demand from customer relocations
- **New Zealand:** Strong property fundamentals and stable occupier demand are continuing to support an active development workbook of \$265 million. GMT's portfolio cap rate firmed 50bps to 7.0% as at 31 March 2016
- **Greater China:** Demand for quality logistics assets persists from e-commerce operators and 3PL's. Focus remains on selective, quality developments in targeted economic centres. Hong Kong continues to benefit from supply constraints
- **Japan:** Continued focus on building out Goodman Business Park, Chiba, with the announcement of stage 2 comprising 125,000sqm
- **Europe:** Maintained strong operational performance across Europe with 98% occupancy. Increased occupier demand for new developments maintaining WIP at 590,000sqm, 90% of which is pre-committed
- **UK:** Strong property capital markets are leading capital partners to a "develop to hold" strategy consistent with other regions
- **North America:** Investment and development pipeline is in excess of US\$3 billion. Development commencements of \$400 million year to date FY2016
- **Brazil:** Secured 100% of operating platform. Focus will remain on the target markets of São Paulo and Rio de Janeiro

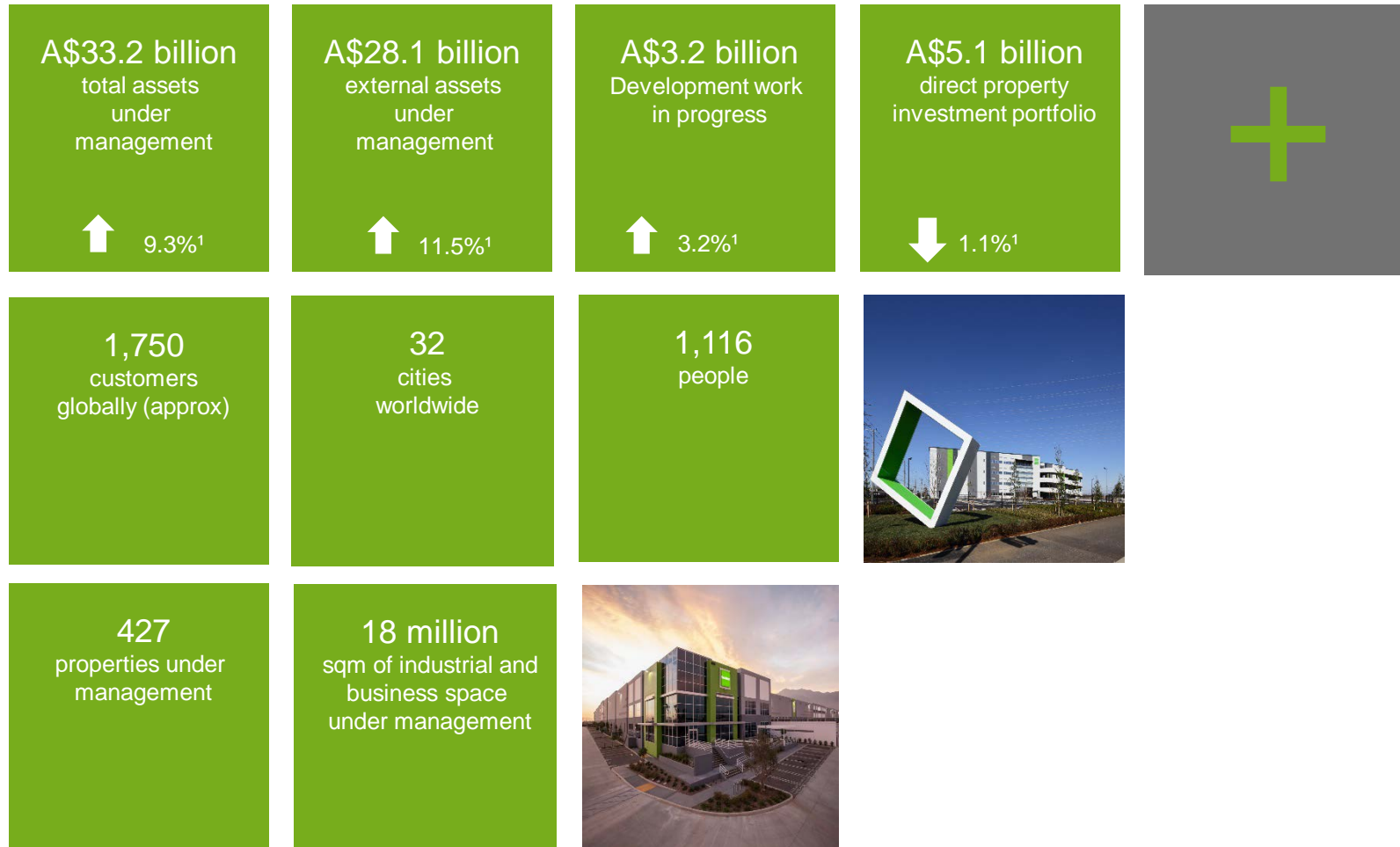
+ Completed the refinancing of A\$2.9 billion of debt facilities across the Group and managed Partnerships

- Includes \$769 million of Group revolving bank facilities which were extended to 2021

+ Reaffirm upwardly revised forecast FY2016 full year operating earnings per security of 40.0 cents, up 7.5% on FY2015

- Forecast full year distribution increased to 24.0 cents, up 8% on FY2015

Snapshot



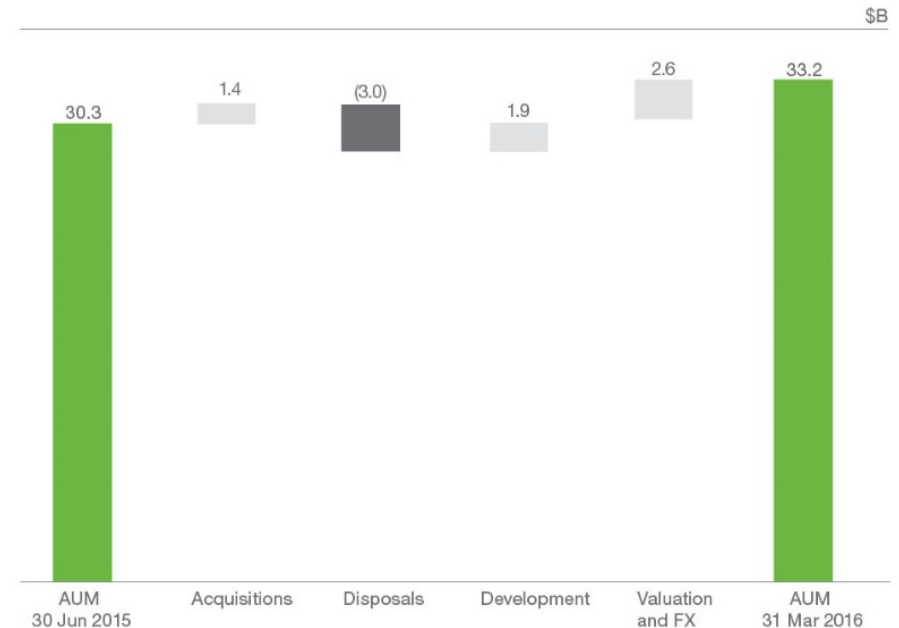
1. % increases based on 30 June 2015 reported numbers

Quarterly operational highlights - Own



- + Property fundamentals remain sound, reflecting the quality of the assets and customers
 - Leased 2.3 million sqm across the platform over the nine months equating to \$239 million of annual net property income
 - Maintained occupancy at 96%
 - Retention remains high at 76%
 - WALE of 5.1 years
 - Positive reversions of 3.5% per annum on new leasing deals
- + Asset rotation active across all markets
 - \$1.8 billion completed to date (excluding urban renewal sites) across the Group and Partnerships
 - Improving quality of portfolio and quality of income being generated
- + Globally, demand and pricing of real estate assets remains strong due to the current low interest rate environment
 - Further revaluation gains expected in the second half results
 - GMT's cap rates firmed 50bps to 7.0% as at 31 March 2016
 - Further revaluation gains expected from urban renewal sites

Total assets under management



Quarterly operational highlights - Own



Goodman Business Park, Chiba, Japan

Transaction Type	65% leased on completion
Total Lettable area	116,642 sqm
Contracted owner	GJDP
Description	<ul style="list-style-type: none"> + New master planned logistics and business park in Chiba + Phase 1 of a multi stage development + Excellent connectivity to greater Tokyo and major roads + 4-storey multi-customer logistics facility + 5-7 year lease terms
Customer	Japanese 3PL, major pharmaceutical retailer



Northampton Commercial Park, UK

Transaction Type	65% leased on completion
Total Lettable area	43,292 sqm
Contracted owner	GUKP
Description	<ul style="list-style-type: none"> + Prime East Midlands location adjacent to the M1, with London approximately 50 miles south + Two units of 304,000 sq ft and 162,000 sq ft respectively (43,292 sqm in total) built on 21.5 acres + 10 year lease term signed over the larger unit and will serve as an online fulfilment centre
Customer	Clipper Logistics



Goodman Qingpu Centre, China

Transaction Type	97% leased on completion
Total Lettable area	110,000 sqm
Contracted owner	GCLP
Description	<ul style="list-style-type: none"> + 3-storey, multi customer distribution facility + Strategically located in a state-level development zone + Easy access to Shanghai and major cities in Jiangsu province + 2-10 year lease terms
Customer	JD.com, Shanghai Kuichin Industry, Kintetsu World Express

Quarterly operational highlights - Develop

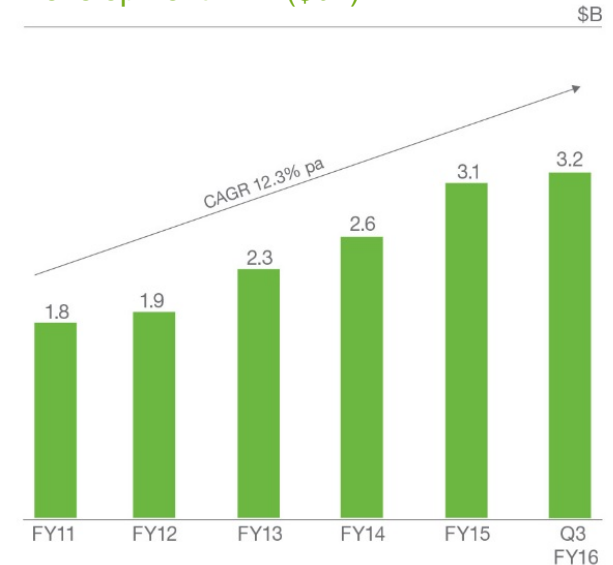


- + Development workbook of \$3.2 billion across 72 projects with a forecast yield on cost of 8.1%
 - Active development workbook across all regions
 - North America growing to 12% of development WIP and will trend higher

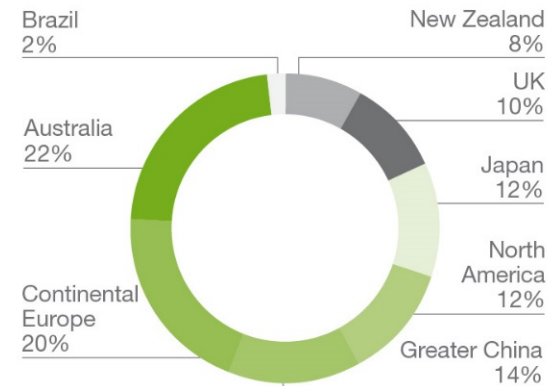
- + Development commencements of \$2.3 billion for the nine months with 61% pre-committed
 - \$400 million of development commencements in North America

- + Disciplined risk management practices applied to a growing development workbook
 - Low gearing and asset rotation
 - Capital partnering of development projects
 - Constant monitoring of supply and demand
 - Board oversight on overall development volume and exposure

Development WIP (\$bn)



Work in progress as at 31 March 2016



Quarterly operational highlights - Develop



Oakdale Industrial Estate, Eastern Creek, Australia

Estimated end value	\$91 m (site 3)
Land area	93,490 sqm
Lettable area	52,055 sqm
Contracted owner	BGAI
Location	Eastern Creek, Australia
Customer	DSV & Major pharmaceutical company
Term	10 + 5 years
Description	<ul style="list-style-type: none"> + The estate currently consists of 6 DHL facilities. 2 are currently under construction with completion expected in May 2016 + 3 warehouses to be developed on Site 3; <ul style="list-style-type: none"> - DSV pre-committed to 8,275 sqm - Major pharmaceutical company agreed terms to 36,870 sqm - 6,910 sqm spec



Goodman Kunshan North Park, Kunshan, China

Estimated end value	\$37 m
Land area	73,980 sqm
Lettable area	40,267 sqm
Contracted owner	GCLP
Location	Kunshan, China
Customer	GAP
Term	10 years
Description	<ul style="list-style-type: none"> + Located in Kunshan, key logistics area in Greater Shanghai + GKPN will be developed across 2 phases, into 4 single storey warehouses + GAP have pre-committed to 100% of phase one; 40,267 sqm + Right of first refusal over Phase 2 – 40,000 sqm



Landshut, Germany

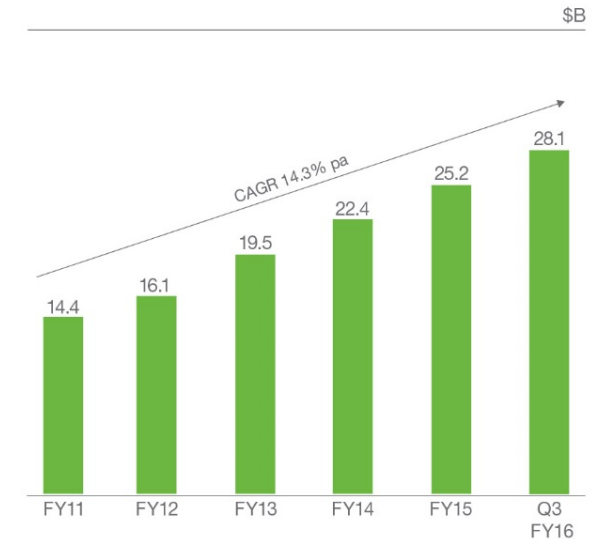
Estimated end value	\$60 m
Land area	91,995 sqm
Lettable area	48,563 sqm
Contracted owner	GMG
Location	Landshut, Germany
Customer	BMW
Term	15 years
Description	<ul style="list-style-type: none"> + Located in the industrial area of Landshut, adjacent to the BMW plant North East of Munich + The warehouse will provide logistics services to the plant + The warehouse will have a direct connection to the plant by means of an underground passage way for cars/trucks which will be used solely by BMW

Quarterly operational highlights - Manage

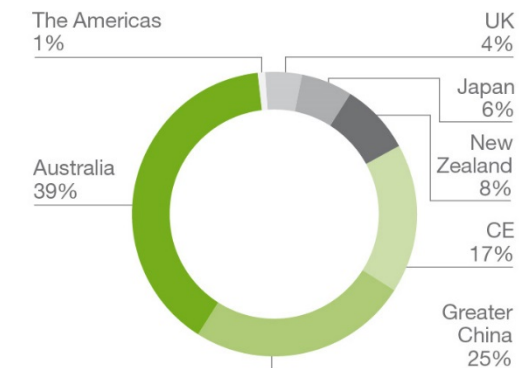


- + Growth in external AUM to \$28 billion driven by
 - Growing development work book and revaluations
- + \$1.5 billion of asset rotation (excluding urban renewal) enhancing the quality of portfolios
 - Primary funding source of developments
 - Further \$1 billion under due diligence or contracted for sale
- + Major achievements completed during the third quarter include
 - Partnership extension of 5 years for GADP with CPPIB
 - First close of GJCP equity raising of \$230 million
- + \$2.2 billion of debt refinancing in the managed Partnerships
 - Average debt expiry of 4.6 years on new facilities
 - Includes \$245 million USPP, issuing 10,12 and 15 year tranches

External AUM (\$bn)



External AUM by geography



SECTION 2 – BRAZIL PLATFORM



Goodman Itupeva, São Paulo, Brazil

Brazil platform



100% OWNERSHIP OF OPERATING PLATFORM

- + Goodman Group and WTorre split respective interests in the assets of the joint venture
 - Goodman has 100% ownership of the operating and management platform
 - 100% ownership of the 276,000 sqm of stabilised assets in Rio de Janeiro and Sao Paulo
 - 100% ownership of the 62,000 sqm development pre-lease with large US retailer in Betim
- + The local management team will be retained by Goodman
 - Proven capability over three years giving comfort about the prospects for future deal execution

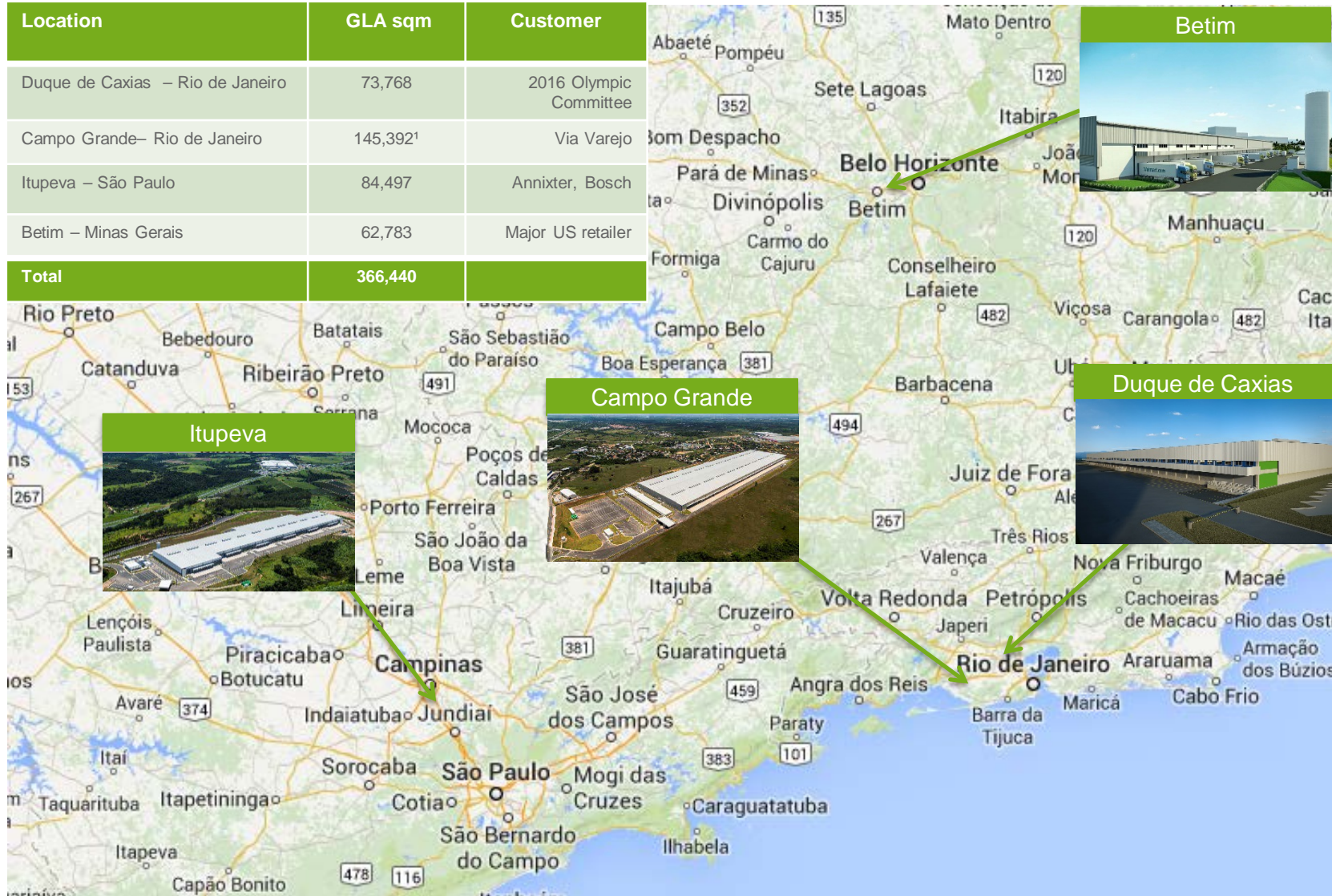
STRATEGY

- + The strategy will remain unchanged
 - Create and grow a platform with capital partners consistent with the global model and continue to focus on;
 - Selective development of new logistics facilities in key São Paulo and Rio de Janeiro markets, representing 72% of Brazil's warehouse absorption
 - Targeted acquisition of well located stabilised properties or value add opportunities
 - Original capital commitment of R\$340 million remains unchanged
- + Despite the Brazilian economy currently experiencing significant headwinds, Goodman remains committed to Brazil
 - The fundamental premise that it is a tight and undersupplied market for modern warehouses
 - Growing middle class population
 - Structural changes, such as e-commerce are also occurring in Brazil



Brazil platform

Location	GLA sqm	Customer
Duque de Caxias – Rio de Janeiro	73,768	2016 Olympic Committee
Campo Grande– Rio de Janeiro	145,392 ¹	Via Varejo
Itupeva – São Paulo	84,497	Annixter, Bosch
Betim – Minas Gerais	62,783	Major US retailer
Total	366,440	



1. Including expansion land

SECTION 3 – APPENDICES



Leasing¹



Across the Group and Partnership platform:

- + 2.3 million sqm of leases during 9 months to 31 March 2016
- + Positive lease reversions of 3.5% per annum on new leasing deals
- + Occupancy maintained at 96%

Region	Leasing area (sqm)	Net annual rent (A\$m)	Average lease term (years)
Australia	495,361	72.6	4.7
New Zealand	71,066	8.5	4.3
Greater China	655,793	79.3	3.8
Japan	12,086	2.0	5.0
UK	30,049	13.2	8.6
Europe	996,720	63.2	3.6
Total	2,261,075	238.8	4.6

1. Leasing for investment properties only and excludes developments for the 9 months to 31 March 2016

Development



Q3 FY16 Developments	Completions	Commencements	Work in progress
Value (\$m)	2,174	2,325	3,239
Area (m sqm)	1.9	2.0	2.3
Yield (%)	9.0	8.0	8.1
Pre-committed (%)	82	61	62
Weighted Average Lease Term (years)	9.0	8.8	10.3
Development for Third Parties or Partnerships (%)	77	63	74
Australia / New Zealand (%) of WIP	24	25	30
Asia (%) of WIP	23	21	26
Americas (%) of WIP	16	20	13
Europe (%) of WIP	37	34	30

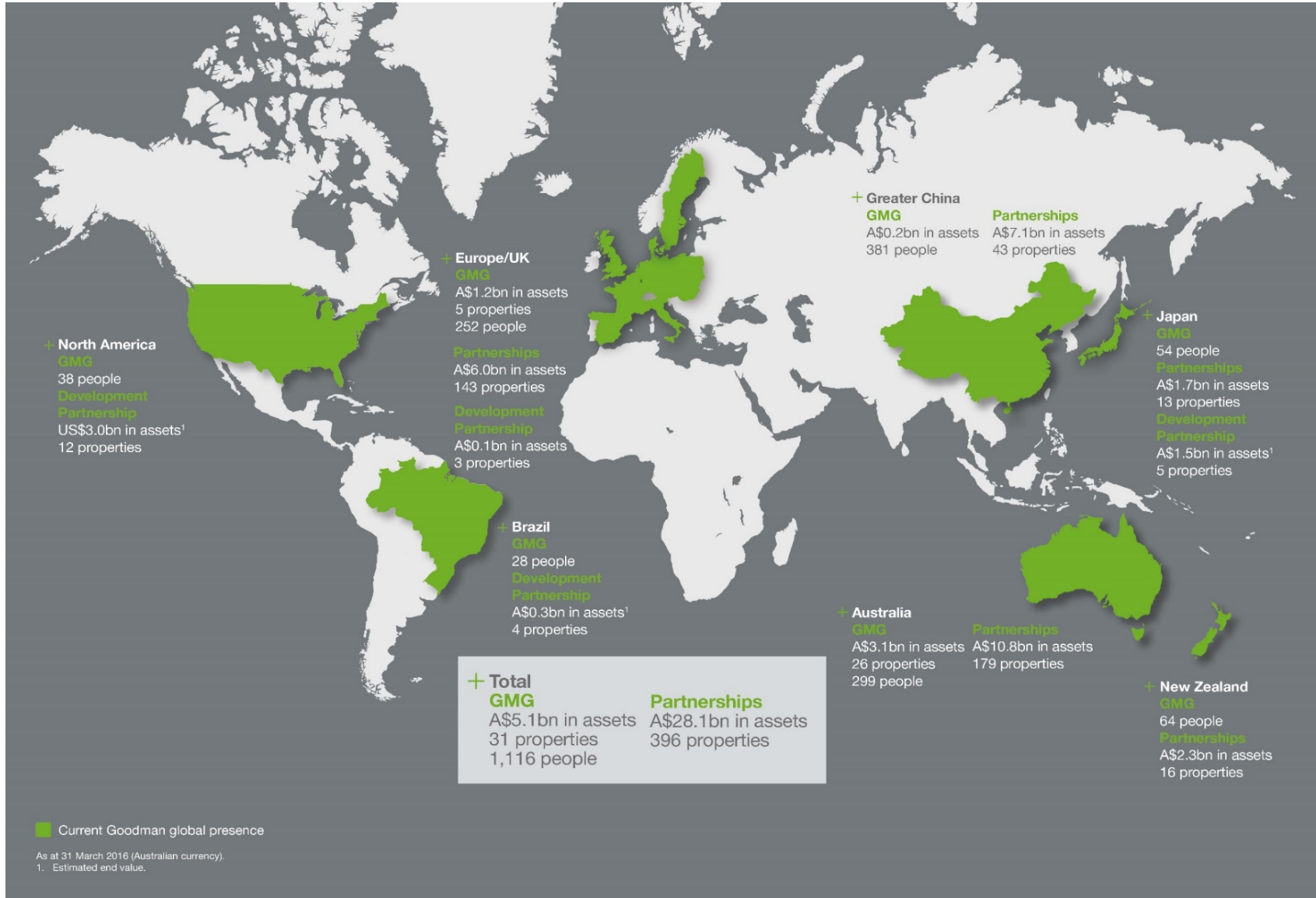
Work in progress by region	On balance sheet end value \$m	Partnerships end value \$m	Total end value \$m	Partnerships % of total	Pre committed % of total
Australia / New Zealand	123	861	984	88	76
Asia	148	694	842	82	53
Americas	-	430	430	100	14
Europe	585	398	983	41	78
Total	856	2,383	3,239	74	62

Management platform

	GAIP	GHKLP	GAP	GEP	GCLP	GMT ¹	GJCP ²	ABPP
								
Total assets	\$6.5bn	\$4.4bn	\$3.8bn	\$3.8bn	\$2.6bn	\$2.1bn	\$1.7bn	\$1.1bn
GMG co-investment	27.5%	20.0%	19.9%	20.4%	20.0%	20.8% ³	20.0% ³	43.1%
GMG co-investment	\$1.2bn	\$0.7bn	\$0.6bn	\$0.4bn	\$0.5bn	\$0.3bn ³	\$0.2bn ³	\$0.3bn
Number of properties	116	13	58	102	30	16	13	7
Occupancy	96%	99%	96%	98%	90%	96%	100%	92%
Weighted average lease expiry⁴	4.9 years	2.3 years	4.5 years	5.0 years	4.0 years	5.2 years	4.2 years	6.8 years

1. As at 30 September 2015 (as disclosed to the New Zealand stock exchange on 11 November 2015).
2. As at 29 February 2016
3. As at 31 March 2016
4. WALE of leased portfolio to next break

Global platform



THANK YOU

Goodman

