



asx release+

Group and regional strategy update

Date	16 June 2017
Release	Immediate

Goodman Group (Goodman or Group) advises that it will host an institutional investor and analyst update today. The attached presentation was issued as a supporting document for the briefing.

Ends -

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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom, North America and Brazil. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, 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.

Goodman Group

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Goodman Funds Management Limited | ABN 48 067 796 641 | AFSL Number 223621
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GROUP AND REGIONAL STRATEGY UPDATE

16 June 2017

Goodman⁺



Sydney, Australia

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CONTENTS

Goodman⁺

SECTION 1 – REGIONAL UPDATES

SECTION 2 – INVESTMENT MANAGEMENT

SECTION 3 – PROPERTY TOUR – OAKDALE INDUSTRIAL ESTATE

Oakdale Industrial Estate, NSW

SECTION 1 – REGIONAL UPDATES



AUSTRALIA – JASON LITTLE, GENERAL MANAGER



Strategic initiatives

- + Maintain geographic focus on Sydney
- + Developing product still the best way to ensure quality
- + Asset sales funding development
- + Focus on acquisitions in infill locations
- + Maintain low leverage across the Partnerships

Business drivers

- + Urbanisation: Urban renewal having a significant impact on various locations in Sydney and Melbourne
- + Consolidation and rationalisation: customers seeking efficiencies in their supply chain networks – relocating to M4, M7 infrastructure
- + Technology and innovation: driving industrial demand west through operational improvements and lowering operating costs, datacentre demand competing for industrial uses
- + E-Commerce: online sales growth continues to double at the growth rate of traditional retail sales
- + Investment market remains strong supporting capital transactions



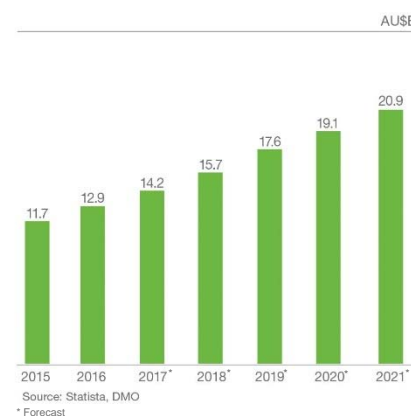
Snapshot ¹	
Assets under management	A\$13.6bn
Stabilised properties	161
Investment GLA (sqm)	6.5m
Occupancy	96%
Development WIP	A\$642m
Pre-committed development	78%
Managed Partnerships	4
People	302

1. As at 31 March 2017

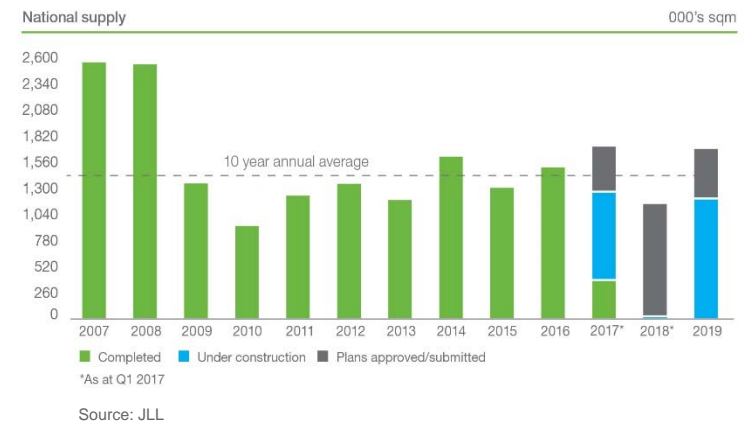
Top five customers



E-commerce sales in Australia



Industrial supply



AUSTRALIA – JASON LITTLE, GENERAL MANAGER



Development



Oakdale Industrial Estate, Eastern Creek, NSW

Customer	Iron Mountain
Lettable area	19,500 sqm
Lease term	15 years
Description	<ul style="list-style-type: none"> + Purpose built facility for Iron Mountain that will be used for document storage + Located at Oakdale Industrial Estate South, within the Western Sydney Employment Area approximately 3 km southwest of the intersection of the M4 and M7 Motorways + Single contiguous warehouse with hardstand and separate car and truck access + Completion is expected in January 2018 + Pre-let off the back of other leasing transactions totalling approximately 100,000sqm

Leasing



Chifley Business Park, Mentone, VIC

Customer	Coca Cola Amatil (CCA)
Lettable area	35,466 sqm
Lease term	5 years
Description	<ul style="list-style-type: none"> + Enter into a new 5 year lease for a facility that was purpose built for CCA in 2005 + Increases WALE at Chifley from 3.5 years to 4.5 years + A stand alone industrial facility comprising 34,255 sqm warehouse and 1,211 sqm office + The estate is a 294 ha site, 21km from the city, situated in a fully urbanised south east sub-region of Melbourne

NEW ZEALAND — JOHN DAKIN, CEO



Strategic initiatives

- + Investment focused on Auckland industrial market
- + Refinement of portfolio quality with asset recycling funding new development activity
- + Completing build out of Highbrook Business Park is a key objective
- + Develop to hold strategy with targeted acquisitions providing value add and rezoning opportunities
- + De-leveraging providing substantial balance sheet capacity for GMT

Business drivers

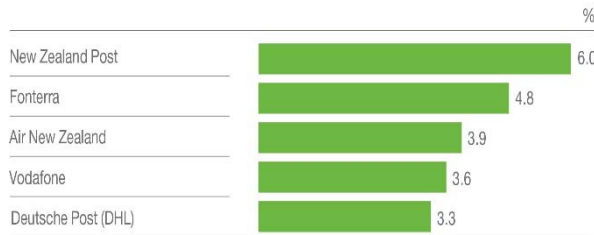
- + Auckland growing with record immigration
- + Strong property fundamentals
- + Existing customer businesses are expanding with new facilities providing operational efficiencies
- + Emerging impacts of online retailing with growth in 3PL sector



Snapshot ¹	
Assets under management	A\$2.6bn
Stabilised properties	13
Investment GLA (sqm)	1.0m
Occupancy	98%
Development WIP	A\$141m
Pre-committed development	82%
Managed Partnerships	2
People	65

1. As at 31 March 2017

Top five customers

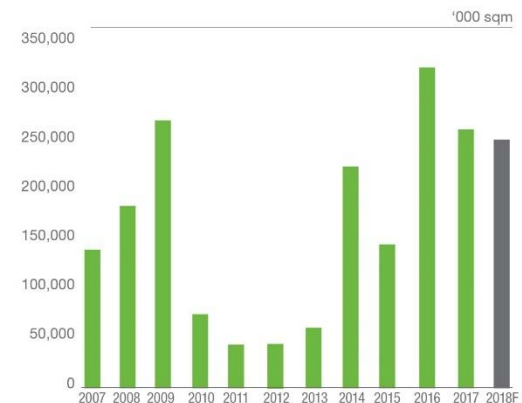


Online retail spending in NZ



Source: BNZ

Auckland industrial supply sqm



Source: JLL

NEW ZEALAND – JOHN DAKIN, CEO



Development



Savill Link, Auckland

Customer	Coda
Lettable area	4,980 sqm warehouse expansion with additional 7,360 sqm warehouse expansion underway
Lease term	15 years with fixed review structure
Description	<ul style="list-style-type: none"> + New warehouse, canopy and yard expansion for logistics operator + New 15 year lease over entire facility + Additional 7,360 sqm warehouse expansion option exercised (Stage 2) currently under construction + Savill Link now around 81% complete

Asset recycling



Millennium Office Estates, Auckland

Sale price	NZ\$210 million
Lettable area	42,895 sqm of space across 7 buildings
Lease term	5 years
Purchaser	Local syndicator, Oyster Management Ltd
Description	<ul style="list-style-type: none"> + Largest sale ever completed by GMT + Reflects an initial yield of 7.25% + GMT has recycled NZ\$535 million of capital through asset sales over the last 5 years + Provides funding capacity for development programme + Consistent with an investment strategy focused on Auckland industrial property

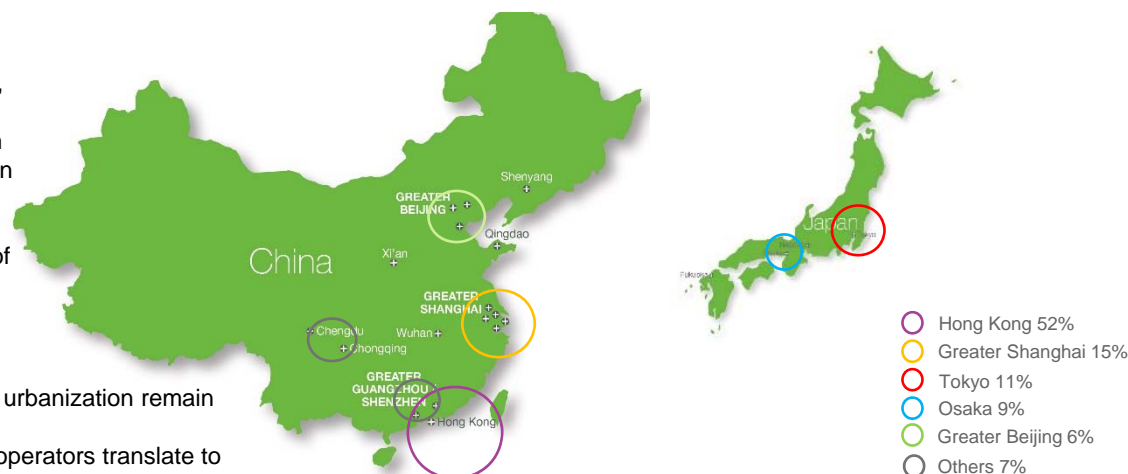
ASIA — PAUL MCGARRY, HEAD OF ASIA

Strategic initiatives

- + Concentrated investment focus on Beijing, Shanghai, Tokyo, Osaka, Hong Kong
- + Continuation of the asset rotation program
- + New development activity to be undertaken primarily in Partnerships, and typically larger project size
- + Gearing likely to remain at the lower end of target range at this point in the cycle

Business drivers

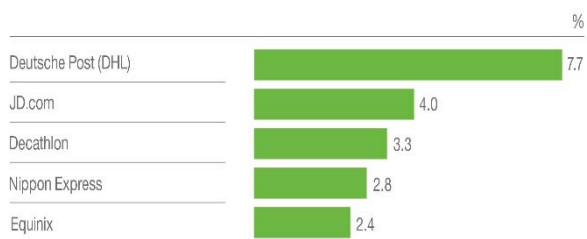
- + Domestic consumption, e-commerce, and urbanization remain logistics drivers
- + Operational efficiency sought by logistics operators translate to demand for high quality well located facilities
- + Supply constraints in gateway cities providing opportunities for superior returns
- + Change of use providing additional value and development opportunities



Snapshot ¹	
Assets under management	A\$10.0bn
Stabilised properties	54
Investment GLA (sqm)	4.5m
Occupancy	97%
Development WIP	A\$983m
Pre-committed development	25%
Managed Partnerships	3
People	436

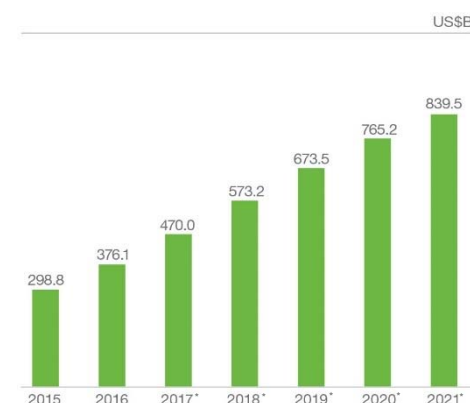
1. As at 31 March 2017

Top five customers¹



1. Includes China, Hong Kong and Japan

E-commerce sales in China



Source : Statista DMO

* Forecast

ASIA — PAUL MCGARRY, HEAD OF ASIA



Development



Wujiang Distribution Centre, Greater Shanghai

Customer	3PL provider
Lettable area	74,000 sqm
Description	<ul style="list-style-type: none"> + Strategically located west of Shanghai, with superior transport accessibility + Three single level warehouses totalling 74,000 sqm + 71% leased to 3PL provider servicing well known global confectionary producer + Planned completion in mid 2018

Development



Goodman Akamatsudai, Greater Osaka

Customer	Marubeni / ASICS
Lettable area	51,000 sqm
Description	<ul style="list-style-type: none"> + 100% pre leased prior to construction commencement + High specification 4-storey logistics facility with exceptionally high level of finish and employee amenity + Location provides excellent access to Greater Osaka region and allows for 24/7 operation flexibility + Planned completion mid 2017

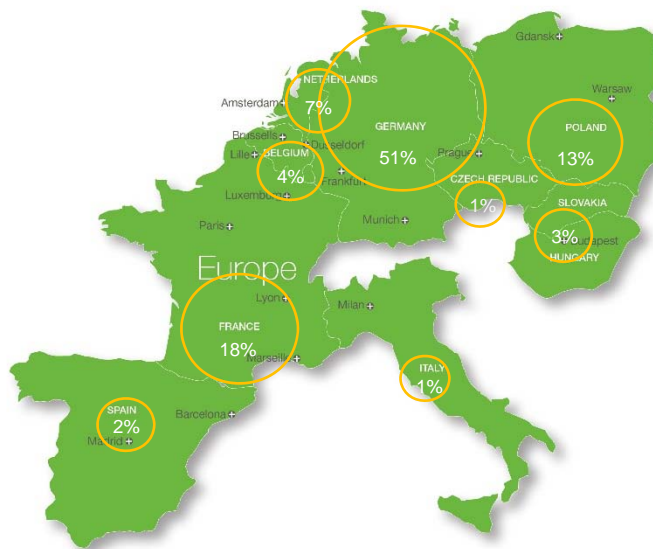
EUROPE – PHILIPPE VAN DER BEKEN, MANAGING DIRECTOR

Strategic initiatives

- + Asset rotation program continuing concentrating on key cities in Germany, France Benelux and Poland
- + Proceeds from asset sales primary funding for acquisitions of new product from the Group
- + Maintain moderate gearing

Business drivers

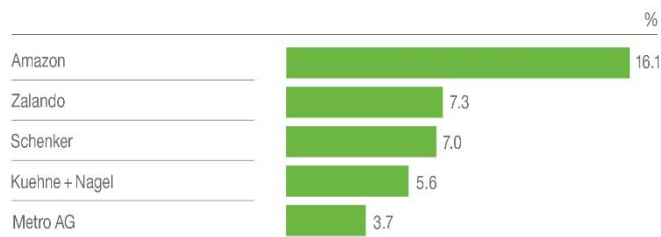
- + Increasing consumer spending and customer requirements, reorganization of delivery networks and e-commerce
- + Demand from customers is strong and has substantially absorbed vacancy in the market, with rental growth emerging some cities
- + Supply is primarily build-to-suit
- + Investment volumes and pricing are historically high, on the back of low interest rates and attractive yield spreads with 10yr government bonds (500bps)



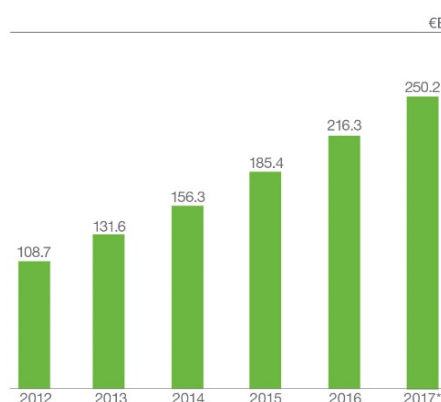
Snapshot ¹	
Assets under management	A\$5.2bn
Stabilised properties	125
Investment GLA (sqm)	5.1m
Occupancy	97%
Development WIP	A\$943m
Pre-committed development	93%
Managed Partnerships	3
People	191

1. As at 31 March 2017

Top five customers

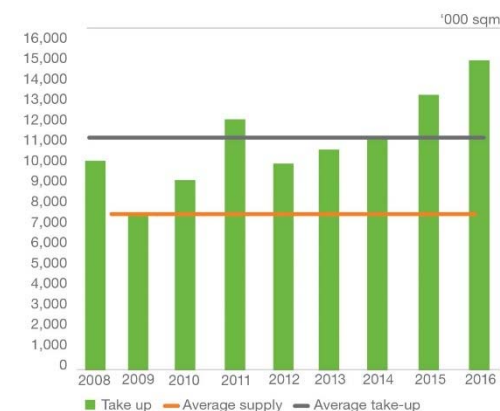


E-commerce sales in Europe



Source: Statista, DMO
* Forecast

Industrial supply / net absorption



Source: JLL

EUROPE – PHILIPPE VAN DER BEKEN, MANAGING DIRECTOR



Development



Marl, Germany

Customer	Metro
Lettable area	235,942 sqm
Lease term	10 years
Description	<ul style="list-style-type: none"> + Brownfield, pre-let development for Metro that will be used as national and regional distribution hub for Metro's Cash & Carry and Real business in Germany + Located at Rhine-Ruhr metropolitan region, the industrial heartland of Germany, close to Dusseldorf and with immediate access to the A2 highway, the main East-West connection in Northern Germany (Duisburg-Berlin-Warsaw) + Completion expected in Q1 2018

Development & Leasing



Lauwin-Planque, France

Customers	Amazon & Log'S
Lettable area	30,026 sqm (Amazon II) & 55,688 sqm (Log'S)
Lease term	8.4 years & 6 years
Description	<ul style="list-style-type: none"> + Customer switch and new development on GMG's land bank in Lauwin-Planque + Existing 96,000 sqm Amazon FC (Amazon I) and 30,000 sqm facility leased to 3PL provider, Log'S + Amazon required an additional sorting centre to service the FC (Amazon I) + Log'S required additional space + Amazon moved to 30,000 sqm existing facility (Amazon II) and Goodman developed a new facility of 55,000 sqm pre- leased to Log'S

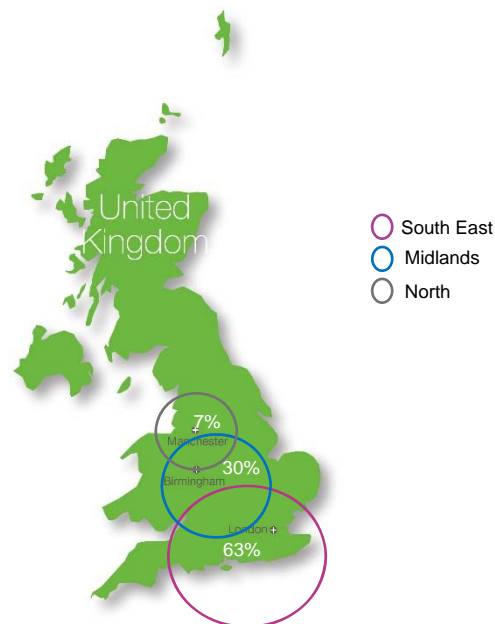
UNITED KINGDOM – CHARLES CROSSLAND, MD LOGISTICS

Strategic initiatives

- + Target long term opportunities in the M1/M6 corridor and within London /M25
- + Opportunistic focus on acquisitions
- + Continue to work through existing land bank, extracting highest and best use where possible
- + Development to be undertaken primarily within the Partnership

Business drivers

- + UK continues to be a leading e-commerce consumer
- + Concentration of population and wealth around London and South East
- + Traditional 'bricks and mortar' retailers adapting to new retail environment driving demand for warehouses



Snapshot ¹	
Assets under management	A\$1.6bn
Stabilised properties	15
Investment GLA (sqm)	0.3m
Occupancy	76%
Development WIP	A\$282m
Pre-committed development	71%
Managed Partnerships	3
People	72

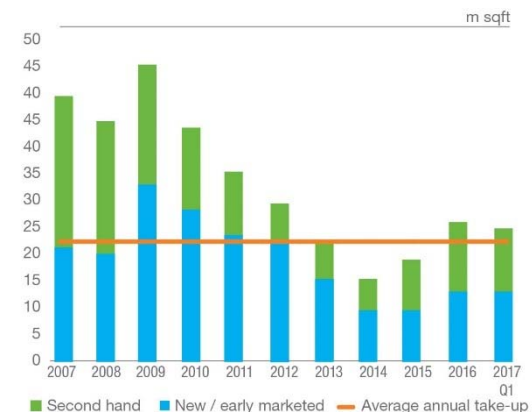
1. As at 31 March 2017 and includes ABPP

E-commerce sales in United Kingdom



Source: Statista, Office for National Statistics
* Forecast

Industrial supply / net absorption



Source: CBRE

UNITED KINGDOM – CHARLES CROSSLAND, MD LOGISTICS



Development



Lyons Park, Coventry

Customer	Amazon
Lettable area	43,660 sqm
Lease term	15 years
Description	<ul style="list-style-type: none"> + Purpose built cross dock facility for Amazon, their first of its kind in the UK + The unit is located at Lyons Park, Coventry, in a prime Midlands location + The unit comprises a single storey warehouse with ancillary offices and a substantial mezzanine of 17,650 sqm with a conveyor system + Completion due in October 2017

Leasing



Northampton Commercial Park, Northampton

Customer	Clipper Logistics and Amazon
Lettable area	43,290 sqm
Lease term	10 years
Description	<ul style="list-style-type: none"> + New development completed in March 2016 + Prime location on the M1 north of London + Comprises 2 units, a 28,240 sqm unit let to Clipper shortly after completion and a 15,050 sqm unit let to Amazon Logistics + Amazon will use the unit for their last mile delivery and Clipper service a 10 year contract with John Lewis, a major UK retailer

NORTH AMERICA – ANTHONY ROZIC, CEO

Strategic initiatives

- + Pursue opportunities primarily in LA, Inland Empire, Pennsylvania and New Jersey
- + Remain focused on monetising the existing landbanks
- + Maintain focus on development land opportunities and infill as the best way to access high quality real estate

Business drivers

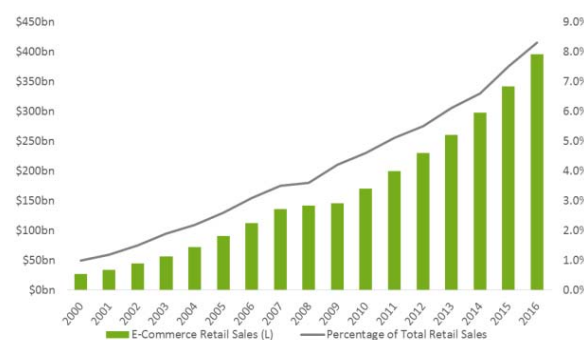
- + Key industrial demand drivers growing steadily
- + E-commerce continues to structurally alter supply chains and drive robust demand for modern space in prime locations
- + Supply across the US has exceeded demand for the first time since 2010, but tight in GMG target markets
- + Strong rent growth across core markets with muted rent growth in speculative markets (Dallas, Atlanta, Chicago)



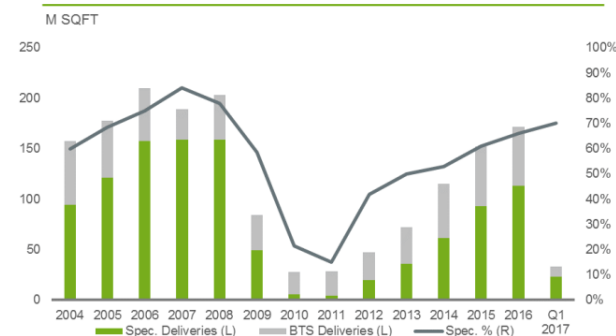
* 31 March 2017 Book Value

Snapshot ¹	
Assets under management	A\$1.0bn
Properties	7
Investment GLA (sqm)	0.5m
Occupancy	97%
Development WIP	A\$444m
Pre-committed development	80%
Managed Partnerships	1
People	43

E-commerce sales in North America



Industrial New Supply



1. As at 31 March 2017

NORTH AMERICA – ANTHONY ROZIC, CEO



Development



Goodman Commerce Centre, Eastvale

Customer	Amazon
Lettable area	93,618 sqm
Lease term	15 years
Description	<ul style="list-style-type: none"> + Second 1.0m sqft distribution centre building, Goodman Commerce Centre Eastvale is a 3.3m sqft estate over 205 acres of warehouse, business park and retail space + Located in the Inland Empire West market in Southern California, directly off the I-15 freeway and with excellent access to the I-10 - a primary transport route to the Ports of Los Angeles / Long Beach and Ontario International Airport + The second lease for Amazon at the property, signing a 15 year pre-lease to commence at building completion + Building completion expected in 2018 + Additional 7 acres for car park use

Leasing



Goodman Logistics Centre, Santa Fe Springs

Customer	E-commerce customer
Lettable area	27,452 sqm
Lease term	7 years
Description	<ul style="list-style-type: none"> + Lease is for the whole of Building 3 at Goodman Logistics Center Santa Fe Springs, a 3 building estate under construction totalling 1.2m sqft over 53 acres + Located in the Mid Counties market in Los Angeles and less than 2 miles from the I-5 and I-605, 22 miles from the Port of Los Angeles / Long Beach and 15 miles from Downtown Los Angeles + Customer signed a 7 year pre-lease to commence at building completion + Estate development is underway with Building 3 to be completed in the first half of 2018

BRAZIL — CESAR NASSER, CEO

Strategic initiatives

- + Focus on the Gateway cities of São Paulo and Rio de Janeiro
- + Target selective acquisition of assets in prime infill locations
- + Leverage Goodman expertise on developing quality projects for international customers

Business drivers

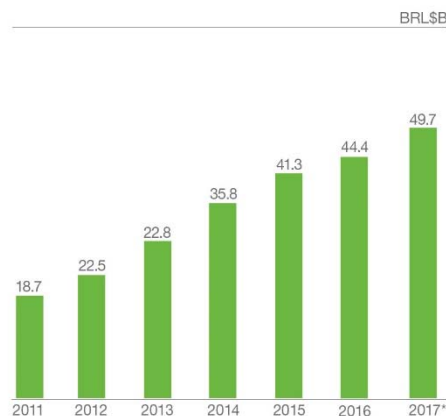
- + Take advantage of the countercyclical market by acquiring land in strategic infill locations
- + Demand from global customers remains strong in the 3PL, retail, FMCG and e-commerce space
- + Good enquiry for BTS solutions from local and major international firms still active, although the decision process is currently slow
- + Local investment and development competition has delcined



Snapshot ¹	
Assets under management	A\$0.3bn
Stabilised properties	4
Investment GLA (sqm)	342k
Occupancy	76%
Development WIP	n/a
Pre-committed development	n/a
Managed Partnerships	n/a
People	26

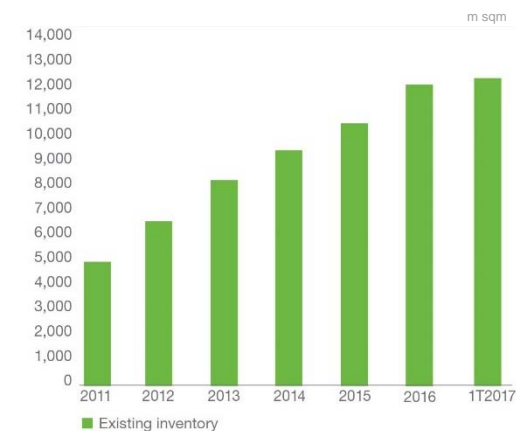
1. As at 31 March 2017

E-commerce sales in Brazil



Source: Statista
* Forecast

Brazilian Class A inventory



Source: Colliers

BRAZIL – CESAR NASSER, CEO



Stabilised



Goodman Betim, Minas Gerais

Customer	Walmart
Lettable area	62,587 sqm
Lease term	12 years
Description	<ul style="list-style-type: none"> + Build to suit facility for Walmart Brazil, with a 12 year lease term + The facility will support the Walmart e-commerce division + Cross dock and sort facility + Delivered in February 2017

Development



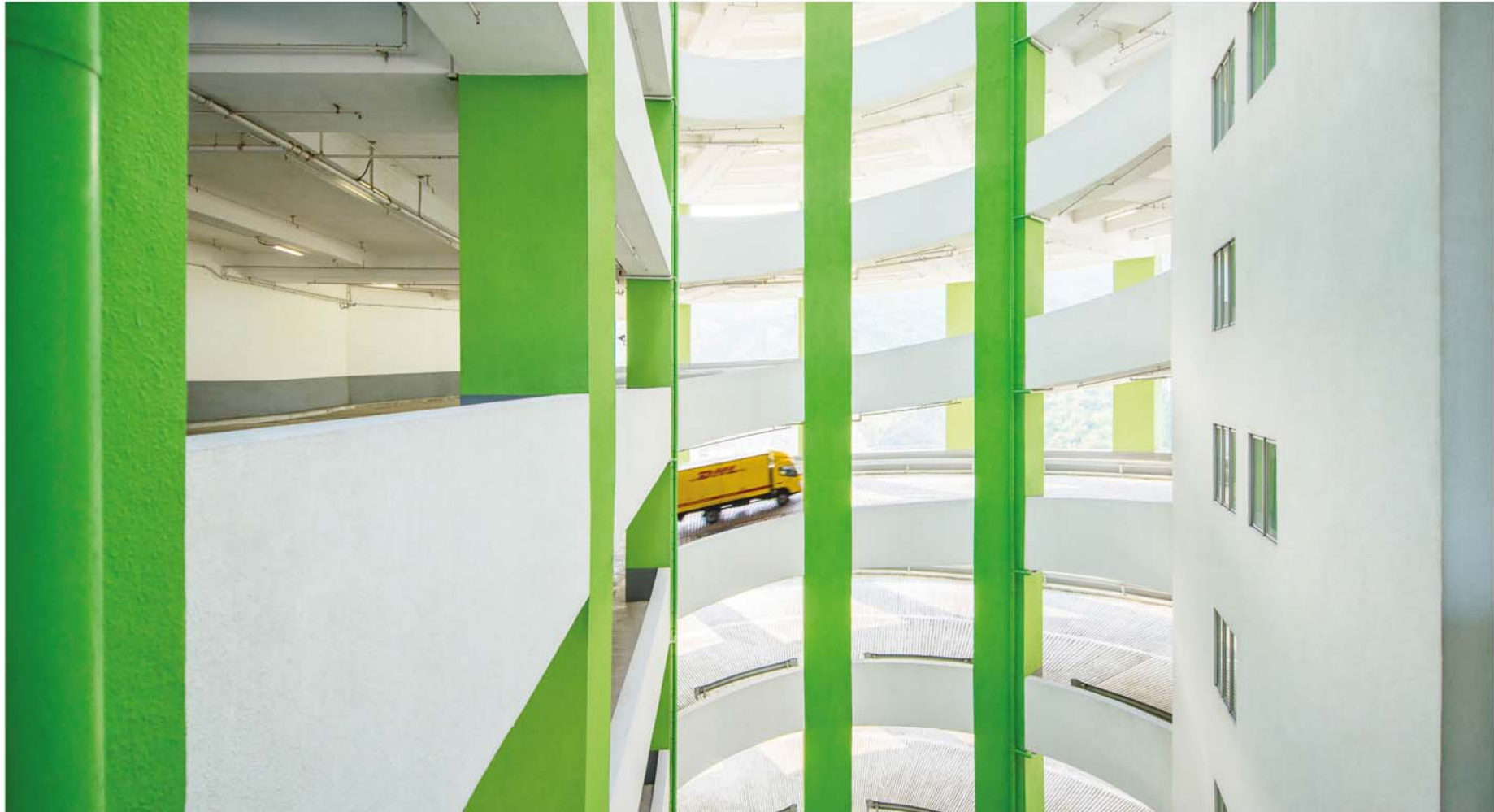
Goodman ABCD 1, Sao Paulo

Customer	Speculative
Lettable area	26,177 sqm
Description	<ul style="list-style-type: none"> + Speculative development on São Bernardo do Campo – Sao Paulo + A prime infill location, the land is located in a region with low supply of Class A logistics warehouse and zero vacancy + The land has easy access to Imigrantes Highway (the busiest highway in Latin America) and to Santos Port

SECTION 2— INVESTMENT MANAGEMENT



Nick Kurtis, Group Head of Equities



KEY TRENDS

+ Asset and investment strategy

- Focus on 'gateway cities'
- Minimise exposure to low barrier entry markets for long term hold
- Core assets currently expensive in most markets
- Development and asset repositioning remains the main method to undertake investment
 - Monetise existing land banks
 - Greenfield land development sites are preferred
 - Selective Brownfield value add opportunities

+ Capital management

- Look to maintain/not increase current debt volumes across the platform
- Continue to finance new opportunities through sale of non-core assets
- Match long term assets with long term debt capital market ("DCM") liabilities
- Allow asset valuation growth to naturally decrease leverage at this point in the cycle



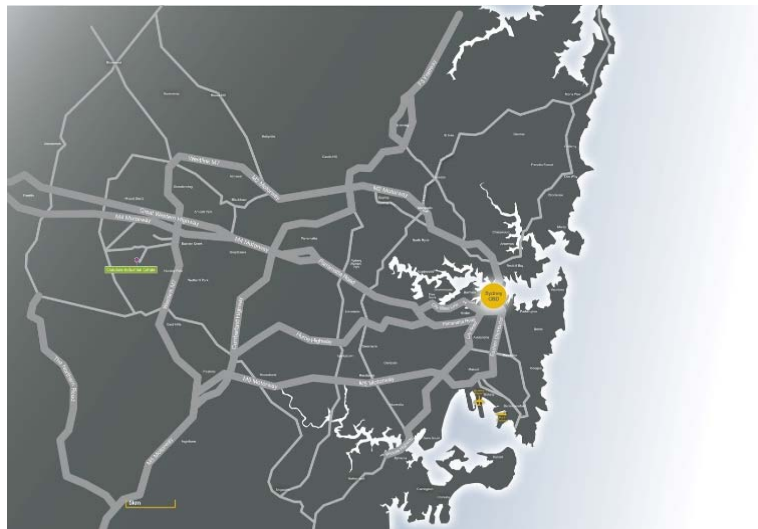
SECTION 3— OAKDALE INDUSTRIAL ESTATE



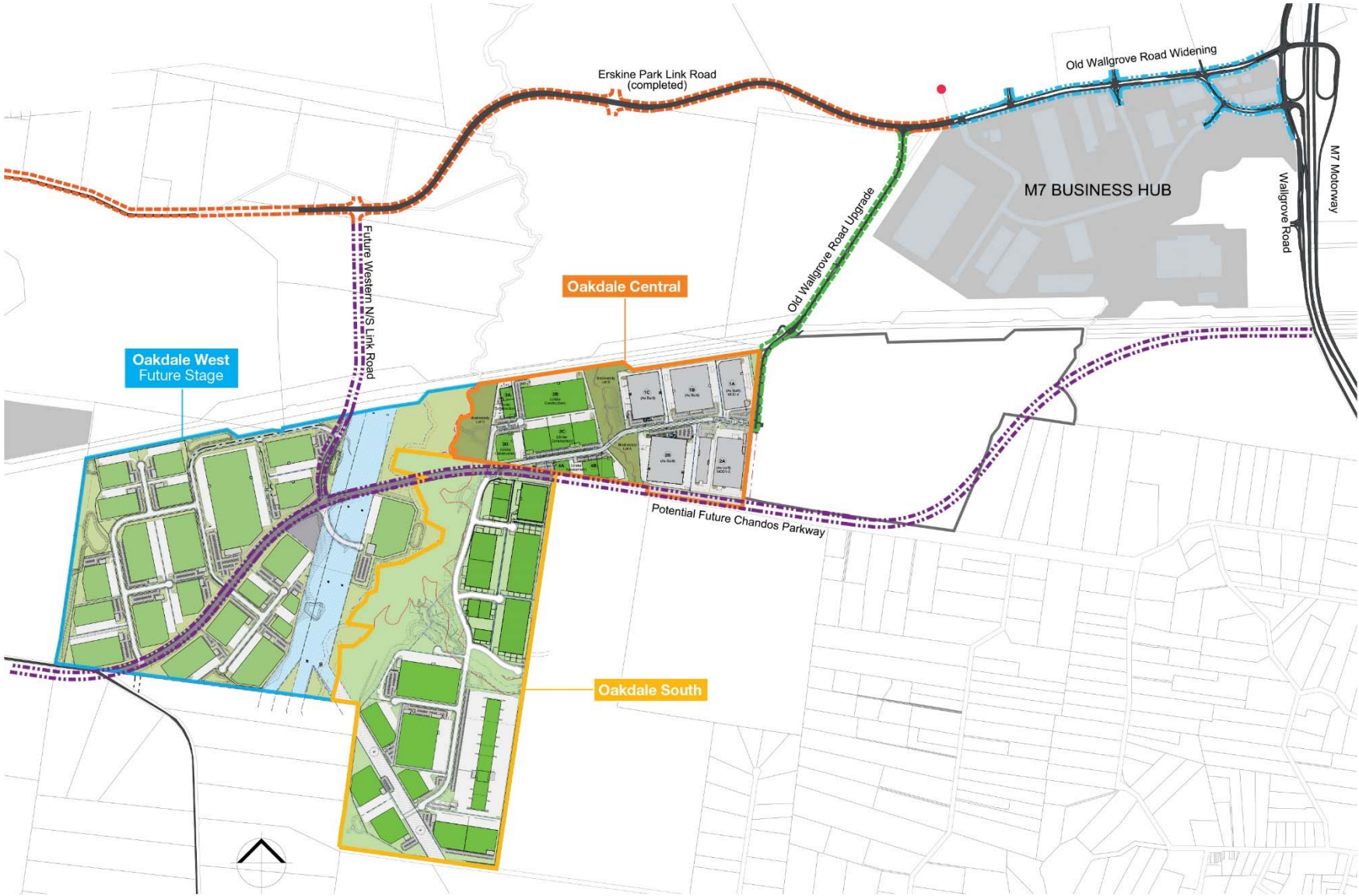
Oakdale Industrial Estate, NSW

OAKDALE INDUSTRIAL ESTATE

- + Oakdale Industrial Estate is an emerging precinct ideally located within western Sydney's logistics hub of Eastern Creek. It offers direct access to the M4 and M7 Motorways and unrivalled connections to the greater Sydney metropolitan areas
- + Oakdale Industrial Estate follows the completion of the successful joint venture with Brickworks at M7 Business Hub which is valued at over \$500 million (post the sale of the Coles Distribution Centre to Maple Tree for \$253)
- + Comprising 3 stages (Central, South and West), the estate offers a number of development opportunities suitable for the construction of brand new warehouse, distribution and logistics facilities
- + Stage 1, Oakdale Central comprises 44 hectares. It currently includes 6 completed warehouses all occupied by DHL and a further 6 buildings under construction, all pre-committed
- + Stage 2, Oakdale South comprises 70 ha of developable land and is master planned for 11 buildings, catering for turnkey developments land sales and built to suit developments.
- + Stage 3, Oakdale West comprises 90 ha of developable land with infrastructure works expected to commence in 2020



OAKDALE INDUSTRIAL ESTATE



THANK YOU

