



## asx release+

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### **Goodman to partner with NZ listed Goodman Property Trust (GMT) on Highbrook development and GMT to raise NZ\$275 million**

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Date 12 November 2007

Release Immediate

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**Goodman Group (the Group or Goodman) is selling a 50% interest in the Highbrook Business Park development site in New Zealand to Goodman Property Trust. GMT is raising NZ\$275 million to facilitate the acquisition and fund its development pipeline. GMT has also released its interim results and announced a forecast for FY09 DPU that represents a 4.2% upgrade on broker consensus.**

#### **Highbrook Transaction**

GMT is acquiring a 50% interest in Highbrook Development Limited (HDL), the company that owns the balance of Highbrook Business Park, from the Group. The Group acquired a 75% interest in HDL in 2004 in partnership with Fisher Trust.

Mr David van Aanholt, Goodman Chief Executive Officer Asia Pacific said "The development at Highbrook has progressed rapidly with key infrastructure now complete and customer interest exceeding expectations. Over 34% of the development is already committed to key customers including DHL, BMW and NZ Post. GMT now has the proven track-record and scale to invest directly in Highbrook in partnership with the Group and Fisher Trust".

The acquisition price for HDL is approximately NZ\$97 million based on independent valuation and is comprised of a 50% interest in the commenced developments (NZ\$95.2 million value on completion) and development land (NZ\$99.5 million value on infrastructure completion). In addition, upon completion, Highbrook is expected to have a value in excess of NZ\$1.2 billion and comprise over half a million sqm of industrial and commercial space.

Mr David van Aanholt said "Highbrook has been one of the Group's key assets in New Zealand and in acknowledgement, the Group will retain a 25% direct interest alongside GMT and the Fisher family. The transaction provides the opportunity for GMT investors to participate in the value created as the development program at Highbrook Business Park continues to be executed".

The Group will continue to provide property and development management services in respect of Highbrook.



## **GMT Capital Raising**

GMT is seeking to raise NZ\$275 million to fund its acquisition of HDL and internal developments at Highbrook and its other estates.

Goodman will take up its pro-rata entitlement of NZ\$77 million to maintain its 28% holding and provide a sub-underwrite of up to NZ\$80 million, subject to overall demand and regulatory approvals. If the full underwrite is called, the Group's interest in GMT would be no more than 37%. The Group's 50% divestment of HDL and acquisition of units in excess of its pro rata entitlement pursuant to any sub-underwrite is subject to approval from New Zealand's Overseas Investment Office.

On its investment in GMT, Mr Gregory Goodman, Group Chief Executive Officer said "GMT continues to be a strong investment opportunity for the Group with sound fundamentals and growth prospects. GMT has today released a strong set of interim results and with this transaction is forecasting an FY09 cash DPU upgrade of 4.2% relative to broker consensus estimates. Importantly, the transaction should enable GMT to be eligible for inclusion in the NZX 10 indices which is expected to make GMT the largest NZ listed property trust."

The transaction is subject to GMT unitholder approval which will be sought at a special meeting on 30 November 2007.

## **Impact on Goodman**

The sale of 50% of HDL provides the Group with capital recycling opportunities. The sale and subsequent completion of the development properties is expected to realise circa \$20 million of profit for the Group reflecting the substantial de-risking and pre-commitments secured at the site. The transaction is consistent with the Group's FY08 earnings forecast provided in August 2007 of 34.0 cents per security and does not have a material impact on Goodman's gearing.

## **Closing**

Mr Goodman said "The Highbrook transaction is consistent with the Group's strategy of undertaking development in partnership with its managed funds. Over the long term the Group will maintain cornerstone positions in our funds ensuring our interests are aligned with those of our equity partners."

For further information, please see attached NZX release made by GMT or contact Goodman. Please go to [www.nxz.com](http://www.nxz.com) for further information.

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## nzx release+

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### Investment in Highbrook, \$275 million Capital Raising and Interim Results

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Date 12 November 2007

Release Immediate

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Goodman Property Trust ("GMT" or "Trust") is pleased to announce:

- the conditional acquisition of a 50% shareholding in Highbrook Development Limited ("HDL");
- further advancement of its internal development pipeline;
- an underwritten 1 for 8 non-renounceable entitlement offer ("Entitlement Offer") and placement raising a minimum of \$275 million; and
- an interim result with a record after tax profit of \$28.7 million.

#### Investment Package Overview

Goodman (NZ) Limited, the Manager of GMT, announced today a major transaction that will have a significant impact on the future direction and performance of the Trust.

Through its relationship with the Goodman Group, the Trust has the opportunity to invest in HDL, the company that owns the balance of the award winning Highbrook Business Park located on Auckland's Waiouru peninsula. The Trust has also announced further progress with its internal development programme with a new multi-unit development in Penrose and the ongoing development of its two Greenlane office projects. Together these two opportunities form the Investment Package ("Investment Package").

To fund these acquisition and development opportunities and position the Trust for further investment and development opportunities the Trust is raising a minimum of \$275 million through an entitlement offer, public offer and institutional placement.

Jim McLay, Chairman Goodman NZ Limited, said, "The investment in HDL is an exciting opportunity, offering a platform for future growth by enhancing the development pipeline and securing a number of new, high quality customers. The Investment Package complements the Trust's existing high quality portfolio, with improvements to customer diversity, lease expiry profile and average age of the Trust's assets."

For further details of the Investment Package, please refer to Appendix A.

## **Impact on GMT**

The transaction is expected to provide immediate and lasting benefits to GMT including:

- an increase of 2.0% to GMT's projected FY09 cash distribution per Unit as a result of the Transaction, representing 5.1% growth from FY08;
- a 50% interest in the balance of the successful Highbrook Business Park, with the opportunity to access the growth and superior yields that this development pipeline is expected to provide;
- a reduction in committed borrowings from 37.7% to 31.4% of total assets, providing an additional \$225.0 million of debt capacity to fund further investment and development opportunities; and
- increased scale and liquidity with the Trust's likely inclusion in the NZX 10 Index.

These benefits should be considered in conjunction with the detailed financial information, assumptions and risks set out in the Trust's Investment Statement and Prospectus dated 12 November 2007. A copy of the Investment Statement and Prospectus has been provided to the NZX and a copy can be requested by emailing [lcr@nzx.com](mailto:lcr@nzx.com).

John Dakin, Chief Executive Officer Goodman NZ Limited commented, "Over the past two years GMT has had substantial success with its internal development programme which has enhanced returns to Unitholders. HDL represents a unique and outstanding opportunity to build on this success. With an extensive pipeline the Manager is targeting yields in the range of 8.0% to 8.5% on future HDL developments. The investment in HDL reflects the Trust's confidence in the Highbrook Business Park vision and builds on its existing investments at Highbrook."

## **Capital Raising**

To fund the Investment Package, GMT has announced that it will conduct a \$275 million equity raising that includes a 1 for 8 Entitlement Offer together with an Institutional Placement and Public Offer. The total number of new units to be issued is 192,307,693. The record date for determining eligibility under the Entitlement Offer is 5:00pm on 14 November 2007. Fractional entitlements will be rounded down to the nearest unit and entitlements will not be scaled up to a minimum holding.

The Offer price is to be determined by bookbuild, with an indicative range of \$1.43 to \$1.49 per unit. The Offer is fully underwritten by Macquarie Capital Securities (NZ) Limited and UBS New Zealand Limited at \$1.43 per unit.

Institutions, sophisticated investors and retail brokers are being invited to bid for units under the Placement and for their entitlement in the bookbuild, which is to be conducted from 12 November 2007 to 14 November 2007. A trading halt in relation to GMT's units has been granted by New Zealand Exchange Limited and will continue until (and through) 14 November 2007, unless terminated earlier. The offer period for those institutions, sophisticated investors and retail

brokers, which will open at 1:00pm on 12 November 2007 and closes at 9:00am 14 November 2007, is shorter than the usual period for rights or entitlement issues.

The Entitlement Offer will be open to retail investors on 20 November and close at 5:00pm on 14 December 2007.

## **Approvals**

The Transaction is conditional on Unitholder approval due in part to the related party nature of the HDL acquisition and equity raising structure. The investment in HDL is also conditional on obtaining consent under the Overseas Investment Act 2005.

Separately, the Independent Directors are proposing amendments to the Trust Deed of GMT relating to GNZ's performance fee. The proposed changes will rectify existing anomalies with measures including the alignment of the GMT and Benchmark measurement period at 12 months. The Trust will continue to have the lowest base fee in the NZX property sector and be the only trust to measure performance relative to its peers.

Full details will be included in a Notice of Meeting, which will also include a report by the Independent Expert, Deloitte Corporate Finance. The Notice of Meeting is expected to be distributed to Unitholders on or about 13 November 2007.

Further details of the HDL acquisition are included in Appendix A.

## **Interim Result**

In its first result under NZ IFRS reporting standards, GMT has delivered an after tax profit of \$28.7 million for the six months ended 30 September 2007. The record result represents a 42.7% increase on the \$20.1 million profit (adjusted for NZ IFRS) for the previous corresponding period.

With earnings in line with projections the Manager is forecasting a gross distribution for the year of 10.6 cents per unit, comprising 9.8 cents in cash and 0.8 cents per unit in imputation credits.

The record date for the second quarter distribution is 23 November 2007 with payment to be made on 7 December 2007. The distribution comprises 2.475 cents per unit in cash and has no imputation credits attached. New units to be issued under the capital raising will be allotted after this date and will not participate in this distribution. GMT's Distribution Reinvestment Plan will also remain suspended for this distribution.

Mr Dakin said the strong interim results reflected the quality of the underlying business and was an endorsement of the Manager's strategy for the Trust. "While the core portfolio is the foundation of the business and has underpinned the earnings growth, the active earnings delivered through the development programme have provided additional growth for Unitholders".

Portfolio highlights include:

- The completion of approximately 34,800 sqm of development projects and the commencement of a further 22,065 sqm of pre-committed industrial and office developments.
- Average annual rental growth of 4.3% across the 22 market rent reviews completed during the period.
- Lease commitments across the stabilised portfolio amounting to 38,500 sqm.
- Occupancy rate and weighted average lease expiry of 97% and 5.7 years, respectively.

Over the half year, GMT made two strategic purchases acquiring a 50% share of Henshaw Holdings Limited the company that owns Show Place Office Park in Christchurch, for \$30 million and a 75% interest in Stage 3 of the DHL facility at Highbrook Business Park for \$10.1 million.

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Attachments:

Appendix A – Investment Package Assets

Also Provided to NZX:

Appendix 1 - Preliminary half year results

Appendix 7 - Notice of event affecting securities

Investment Statement and Prospectus

### **IMPORTANT NOTICE**

**This notice does not constitute an offer of securities for sale in the United States. The units in the placement have not been and will not be registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”) and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act.**

## Appendix A

Goodman Property Trust is proposing to acquire 50% of the shares in Highbrook Development Limited ("HDL").

The purchase price is estimated to be \$97.29million, payable in cash. Subject to the satisfaction of the conditions in the sale agreement, the acquisition is expected to be settled in January 2008.

The purchase price comprises 50% of the following:

- The value, as if completed, of the committed developments owned by HDL, as at 1 September 2007. These comprise stabilised assets and commenced developments; plus
- The value, once serviced, of the development land owned by HDL, as at 1 September 2007; less
- The cost to complete the commenced developments, following settlement; less
- The estimated cost to complete the infrastructure and servicing works to the development land, following settlement; less
- The bank debt of HDL (net of working capital).

The cost to complete the commenced developments, the bank debt and working capital will be estimated for the purposes of settlement.

Following settlement:

- The bank debt and working capital will be audited;
- A reconciliation of the cost to complete the commenced developments will be undertaken following completion of the works;
- In the event that the specification of any of the commenced developments is varied, the asset will be re-valued, as at 1 September 2007. Similarly, if certain agreements for lease, which it is currently anticipated will be in place, are not entered into or, in certain circumstances are cancelled, the asset will be re-valued as at 1 September 2007.

A balancing payment will be made if necessary to reflect any change in the amounts used in calculating the purchase price at settlement.

The acquisition is conditional upon the following:

- All necessary consents for the acquisition being obtained pursuant to the Overseas Investment Act 2005 (and its associated regulations);
- The unitholders of the Trust approving the acquisition; and
- All units in the capital raising being subscribed for and the Trust receiving the proceeds of the capital raising (by way of underwrite or otherwise).

The date for satisfaction of the conditions is 30 June 2008. Settlement will occur 10 working days following satisfaction of the conditions.

## Investment Package Assets Summary Table

Investment package	Acquisition cost <sup>1</sup>	Cost To Complete <sup>2</sup>	Funding requirement	Adjustments		Gross asset value
				Existing HDL borrowings	GMT land allocation <sup>3</sup>	
i) Highbrook Acquisition	\$97.29m	\$49.72m	\$147.01m	\$47.68m <sup>4</sup>		\$194.69m <sup>5</sup>
ii) Trust Developments		\$81.25m	\$81.25m		\$16.94m	\$98.19m
<b>Total</b>		<b>\$130.97m</b>	<b>\$228.26m</b>			<b>\$292.88m</b>

<sup>1</sup> Estimated purchase price of a 50% shareholding in HDL, refer to sections 2.1.1 and 8.13 of the Investment Statement and Prospectus for more information.

<sup>2</sup> 50% of the estimated Cost to Complete at Highbrook. Cost to Complete estimated assuming a settlement date of 10 January 2008.

<sup>3</sup> The trust's land allocation is the estimated cost of the development land of the trust that will be allocated to these projects.

<sup>4</sup> 50% of HDL borrowings (net of working capital) estimated assuming a settlement date of 10 January 2008.

<sup>5</sup> See the table concerning HDL's assets in section 2.1 and the report of DTZ New Zealand Limited in section 6 of the Investment Statement and Prospectus.

### i) Highbrook Acquisition

Asset	Current value (million) <sup>5</sup>	Cost To Complete (million) <sup>1</sup>	Completed value (million) <sup>3</sup>	Initial Yield <sup>4</sup>	Lease term on completion (years) <sup>4</sup>
The Crossing Offices	\$6.75	-	\$6.75	7.80%	5.4
Shell Ground Lease	\$1.36	-	\$1.36	7.00%	15
The Junction Multi-units	\$2.45	-	\$2.45	8.01%	5.4
Contract Logistics distribution facility	\$5.36	\$0.29	\$5.65	7.73%	9
PaperlinX warehouse	\$12.42	\$1.18	\$13.60	7.39%	10
OfficeMax warehouse and distribution facility	\$10.94	\$6.56	\$17.50	7.51%	12
Datamail distribution facility	\$5.59	\$2.71	\$8.30	7.64%	12
GEON distribution facility	\$7.80	\$0.18	\$7.98	7.61%	12
Courier Post distribution facility	\$6.30	\$9.80	\$16.10	7.49%	12
Intermech distribution facility	\$3.05	\$0.33	\$3.38	7.56%	8
Office Building D	\$2.54	\$4.66	\$7.20	8.02%	6.2
Just Group warehouse facility	\$2.47	\$2.43	\$4.90	7.44%	10
Development Land <sup>2</sup>	\$77.96	\$21.58	\$99.54	N/A	N/A
<b>Total</b>	<b>\$144.97</b>	<b>\$49.72</b>	<b>\$194.69</b>	<b>7.59%</b>	<b>10.2</b>

<sup>1</sup> 50% of the estimated Cost To Complete, assuming a Settlement Date of 10 January 2008.

<sup>2</sup> For development land, this includes only the cost to develop services and infrastructure.

<sup>3</sup> As determined by the valuation report of DTZ New Zealand Limited in section 6 of the Investment Statement and Prospectus. The completed value for Development Land is 50% of the aggregate valuations in that report for "Highbrook Development Land" and "Highbrook Retail Land". These values are 50% of the values for commenced developments, when completed, and development land when serviced, in accordance with the current development plans.

<sup>4</sup> Excludes development land. The Crossing Offices, the Junction Multi-units and Office Building D are not fully leased and the Initial Yield and lease term for these properties are based on the valuer's assessment of market rentals and likely lease terms.

<sup>5</sup> 50% of completed value less 50% of the estimated Cost To Complete.



Note: Values in table above are calculated to three decimal places and may not appear to sum accurately due to rounding.

## ii) Trust Developments

Asset	Type	Net lettable area sqm	Spend to date (million) <sup>1</sup>	Cost To Complete (million) <sup>5</sup>	Total development cost (million) <sup>2</sup>	Initial Yield <sup>3</sup>	Expected completion date	Lease term on completion (years) <sup>4</sup>
Central Park - Stage 1 Office and Podium	Office Park	8,735	\$5.31	\$29.49	\$34.80	8.20%	Mar-09	5.6
Central Park - Stage 2 Podium infrastructure	Office Park	N/A	-	\$9.42	\$9.42	N/A	Dec-08	N/A
604 Great South Road	Office Park	7,725	\$5.20	\$26.75	\$31.95	8.67%	Dec-08	7
Gateside Industry Park -Multi-units	Industrial Estate	16,770	\$6.43	\$15.59	\$22.02	8.42%	May-08	5.2
<b>Total</b>			<b>\$16.94</b>	<b>\$81.25</b>	<b>\$98.19</b>	<b>8.43%</b>		<b>6.3</b>

<sup>1</sup> Includes the Trust's land allocation, being the estimated cost of the development land of the Trust that will be allocated to these projects.

<sup>2</sup> Estimated total project cost including all land, construction costs, financing, holding costs and professional fees.

<sup>3</sup> Based on targeted rentals and leasing programme.

<sup>4</sup> Based on targeted leasing programme.

<sup>5</sup> Estimated Cost To Complete.