

Goodman Property Trust

Portfolio Update October 2007



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Goodman (NZ) Limited, the manager of Goodman Property Trust, is pleased to provide investors in the Trust with this edition of Portfolio Update. This report provides an overview of the Trust's achievements since its 2007 annual result.

Accompanying this update is the first quarter distribution for the 2008 Financial Year. The distribution comprises 2.475 cents per unit in cash and 0 cents in imputation credits. It is the first distribution to be paid under the new Portfolio Investment Entity regime and individual Unitholders who are resident in New Zealand have no further tax to pay.

Portfolio Overview

The business has continued to perform strongly under the active management of Goodman (NZ) Limited with further progress in the investment and development programmes complementing an already robust portfolio.

Notable achievements to date include:

- + The extension of our property offering with two strategic acquisitions in Auckland and Christchurch totaling \$40.1 million;
- + Overseeing the completion of 34,700 sqm of industrial development;
- + Securing new development pre-commitments from Fisher & Paykel Appliances and Big Chill Distribution at Glassworks Industry Park in Christchurch;
- + Announcement of two new office developments in Greenlane totaling 16,900 sqm with a value on completion of \$77.7 million;
- + A rolling retention rate of 88% contributing to the 32,300 sqm of renewals;
- + An additional 38,500 sqm of new leases secured since March 2007; and
- + An occupancy rate of 97% and a weighted average lease expiry of 5.6 years.

Acquisitions

In a competitive investment environment the Trust has continued to achieve success making two strategic acquisitions:

- + In May it purchased a 50% interest in Henshaw Holdings Limited, the owner of Show Place Office Park in Addington, Christchurch. This high quality office park comprises 6 low rise buildings with 18,370 sqm of net lettable area accommodating key customers Hewlett-Packard, IAG, Holcim and Transpower.
- + In June the Trust purchased a 75% interest in Stage 3 of the DHL (formerly Exel) facility at Highbrook Business Park, Auckland for \$10.1 million.

The acquisition of the Show Place property is consistent with the Trust's strategy of increasing its exposure to the important Christchurch market. It also offers future potential with another 11,000 sqm of office space able to be developed.

Developments

Since the Trust's March balance date, more than 42,500 sqm of new and acquired development projects have been completed at the Westney Industry Park and Highbrook Business Park estates. These include new facilities for New Zealand Post, BMW New Zealand Limited and Gluck IDS Limited.

The Trust has also advanced its development programme with the announcement of two new office developments to be undertaken on Great South Road in the proven Greenlane office precinct:

- + Chevron New Zealand, which markets the Caltex brand, has committed to approximately 30% of a premium office building to be built on land adjoining the existing Millennium Centre office park.
- + The Trust is also undertaking the first stage in a multi-stage office development at Central Park Corporate Centre.



DHL Building, Highbrook Business Park, East Tamaki

With continuing low vacancy and strong rental growth in this location the two developments will offer both mid tier and high quality accommodation to meet expected occupier demand.

The Trust has also secured two industrial pre-commitments at its Glassworks Industry Park in Hornby, Christchurch. Fisher & Paykel Appliances and Big Chill Distribution are the first stage in the development of a modern 50,000 sqm industrial estate. Totalling 4,510 sqm and with a total project cost of \$6.8 million (including land, construction cost and all fees) these facilities are forecast to have a blended yield on cost of 8.0%.

Leasing Progress

In addition to its new development pre-commitments, the Trust has also leased and renewed over 70,800 sqm of industrial and business space across the portfolio, equating to an annual net rental of \$8.9 million per annum.

Most significant of these is the lease restructure to Bayleys Real Estate Limited at Pernod Ricard House in Auckland's Viaduct precinct. Occupying 3,795 sqm Bayleys have extended its lease until 2017 at market rentals.

Other significant new leases and renewals include:

- + NZL Transport and Warehouse Stationary renewing over 28,600 sqm at Enterprise Park, Auckland;
- + 2,006 sqm of office space to NZ Post at Millennium Centre, Phase Two, Auckland;
- + Hawkins Construction signing a six year lease for 1,164 sqm of office space vacated by Kodak;
- + Owens Transport committing to a nine year lease for 5,852 sqm of warehouse and office space at Southpark Industrial Estate in Christchurch; and
- + Both Fairfax and Fonterra renewing their existing 1,705 sqm and 1,327 sqm premises at Central Park Corporate Centre, respectively.



IAG, Show Place Office Park, Christchurch



Fisher & Paykel Appliances, Christchurch