



# Goodman Group

Operational Update  
Q1 – FY08

27 November 2007

# Contents

- + Section 1 Overview
- + Section 2 Transactions
- + Section 3 Asia Pacific Operations
- + Section 4 Europe Operations
- + Section 5 Fund Management
- + Section 6 Summary

# Section 1 – Overview+

# Overview

+ On track to deliver forecast DPS growth of 8% to 34 cents per security

## own+

- + Total direct property investment portfolio of \$5.6 billion<sup>1</sup>
- + Total cornerstone investments of \$2.0 billion
- + Recycling continues with \$0.5 billion of direct property sold to managed funds

## manage+

- + Assets Under Management up 3% to \$38.1 billion (+\$1.2 billion v FY07)
- + Asia Pacific up 4% to \$12.5 billion and Europe up 3% to \$25.6 billion
- + Merger of GELF and Cēlogix to create \$1.6 billion<sup>2</sup> European Logistics Fund
- + GMT NZ\$229 million institutional placement successfully closed fully subscribed

## develop+

- + Development completions of \$346.0 million
- + Development commencements of \$711.6 million
- + \$3.5 billion current workbook
- + 67% of current workbook in funds

1. Includes core direct properties, warehoused properties and development WIP
2. Upon completion of committed developments

27 November 2007

## Section 2 – Transactions+

# Transactions

- + **Sale of \$0.5 billion of direct property to GAIF**
- + **Sold 66% of GMG interest in Highbrook Development Ltd (HDL) shares to GMT**
  - Recycling capital after de-risking land
  - Retain 25% interest in HDL to maintain a cornerstone investment
  - \$250 million new equity raised
- + **Acquisition of new Japan investment warehoused for proposed fund**
  - 50% share in two modern logistics properties (\$0.1 billion)
  - Joint venture with Macquarie Direct Property Fund (MDPF)
  - Acquisitions within J-Rep of \$0.1 billion (mainly developments)
- + **Increase in development pipeline in China and Hong Kong**
  - Acquisition of new sites with end value of projects to \$0.5 billion in Hong Kong and \$0.5 billion in China

# Transactions

- + **Successful merger of GELF and Cologix (\$1.4 billion)**
  - Majority of Cologix unitholders elected to accept GELF scrip
  - Demonstrates investor confidence in market, management and fund
  - \$1.6 billion fund value on completion of committed developments
  - Increased size and scalability, provides basis for future growth opportunities
  
- + **ABPP raised \$300 million of equity capital and \$3.0 billion debt refinance**
  - GMG participation increased its cornerstone investment to 21%
  
- + **Refinancing of Group Debt**
  - Announced \$ 325 million Hybrid Issue (Goodman PLUS)
  - Established platform for Euro MTN program

# Capital Allocation

## + Continued recycling of capital from mature to growth opportunities

- Total direct property investment portfolio down by \$0.5 billion to \$3.0 billion
- Increase in cornerstone investments to 28% of total capital
- Development WIP unchanged at 23%

Earnings composition	%
Direct	39
Cornerstone	28
Development WIP	23
Warehoused	10



27 November 2007



## Section 3 – Asia Pacific Operations+

# Investments – Asia Pacific

10

## Australian Direct Portfolio:

- + Total direct property investment portfolio of \$3.0 billion after divestment of \$0.5 billion of properties to GAIF
- + KPI's remain strong
  - Occupancy 96.4% (over 1% terminations taken)
  - Low average down-time of 2.1 months
  - Customer retention 72.3% (rolling 12 months)
  - WALE 4.8 years
  - 12 month rolling pending expiry 11.4%

GMG Portfolio - Years to expiry*		%	0	20	40
<1	15				
1 – 2	11				
2 – 3	14				
3 – 4	12				
4 – 5	8				
>5	40				

\*NB Year 1 expiry includes current vacancies

27 November 2007



# Investments – Asia Pacific (cont.)

11

## Warehoused Assets:

### + Initiatives for China operations continue

- Goodman's first China project achieved practical completion: 56,000 sqm, 7 year lease to DHL
- Acquiring Puto Distribution Centre, 50,000sqm multi-tenanted facility in North West Logistics Park occupied by NYK Logistics, Nippon Express and Sinotrans
- Stabilised investments of \$88 million currently on balance sheet

### + Acquisition of 2 modern logistics properties and development land in Japan warehoused for proposed fund

- GMG interest of 50% via MGA (50/50 JV with MDPF) and J-REP. Combined property value of \$106.6 million, totaling 41,000sqm
- J-REP acquired \$96.6 million (11 ha) of land for future developments

# Management Services – Asia Pacific

## + **Growth in AUM of 4% to \$12.5 billion**

- \$0.7 billion growth in GAIF (33%)
- \$0.4 billion growth in J-REP (52%)
- \$0.2 billion reduction in MGLF-HK due to divestment of Ever Gain Plaza (the fund has since contracted to buy \$0.1 billion to replace Ever Gain)

## + **GMT NZ\$229 million institutional raising closed fully subscribed**

- Raising to fund acquisition of 50% interest in Highbrook Development Limited
- GMG subscribed to its pro-rata share in the institutional raising to retain cornerstone holding at 28.1%
- Retail NZ\$46 million offer closes in mid December
- 4.2% FY09 cash DPU upgrade

# Management Services – Asia Pacific (cont.)

13

## + GAIF

- Portfolio expanded to \$2.8 billion
- 33% growth since last quarter (acquired 22 properties \$640 million @ 7.2% cap rate)
- 92% CAGR since launch in December 2005

## + MGLF-HK

- Exchanged contracts to acquire Woo Kee Hong Building for \$56 million during the quarter having sold Evergain Plaza
- Lok Shun redevelopment, Potential GLA 120,773 sqm, via 50:50 JV in MGA

## + A-REIT

- Secured over S\$270 million in new investments in development projects and acquisitions

## + Progress continues in relation to the launch of new funds in Japan and China

- Purpose built Amazon Distribution Centre development in Tongzhou, Beijing, 40,000sqm
- Over \$200 million of logistics property and development land acquired in Japan with J-REP and MDPF for proposed new fund

## + \$0.3 billion of equity commitments in GMG Asia Pacific managed funds remain undrawn as at 30 September 2007

27 November 2007



# Development Activity – Asia Pacific

- + \$128 million of development completions during the period**
  - 45% within managed fund platform
- + \$246 million of new development commencements during the period**
  - 28% pre-committed, 7.0 year WALT
  - 71% within managed fund platform
- + \$1,856 million of product currently under development**
  - 57% pre-committed, 8.8 year WALT
  - 68% within managed fund platform
- + New major balance sheet development initiatives**
  - Amazon Distribution Centre, Tongzhou, Beijing, 40,000sqm purpose built facility
  - Lok Shun redevelopment in Hong Kong - potential GLA 120,773 sqm, via 50:50 JV in MGA
  - Development work continues to be strong in New Zealand and Australia

## Section 4 – Europe Operations+

# Investments – Europe

- + **GELF merged with Cēlogix has reduced the Groups cornerstone to 22.5%<sup>1</sup>, in line with GMG's long term co-investment holding level**
  
- + **SMH, Düsseldorf acquisition warehoused for European Business Park Fund**
  - Properties located in Germany (investment and development) \$99.2 million
  
- + **Increased cornerstone interest in ABPP to 21%**
  - Increase in ownership in line with the Group's global cornerstone target range
  - Further aligns the Group's interest with equity investors

<sup>1</sup> In September, 44% of Cēlogix investors cashed out, in November the remaining 56% elected to receive GELF scrip which diluted GMG's interest to 22.5%.



# Investments – Europe (cont.)

## + Increased UK Logistics assets warehoused for proposed fund

- Total warehoused value of \$1.4 billion
- Acquisitions during the quarter include Royal Oak, Daventry, Office Depot, Leicester
- Existing land bank of approximately 1,000 acres at various stages of planning
- Additional development commitments for the quarter of 80,000 sqm

# Management Services – Europe

## + Growth in AUM of 3% to \$25.6 billion

- 24% growth on pcp
- Softening UK cap rates however customer demand remains robust
- Direct fund acquisitions total \$0.6 billion with a further \$0.2 billion under offer

## + Successful merger of GELF and Cologix

- Creates €0.8 billion European Logistics Fund with build out value of c.€0.95 billion<sup>1</sup>
- On target to reach critical mass of €1.0 billion
- Incorporation further 22 properties taking portfolio total to 43 properties
- Properties located in core European logistics markets
- 190% AUM growth since launch in December 2006

## + European Business Park Fund has been active

- Acquisition of SMH, Düsseldorf \$99.2 million
- Leasing and development progress continues strongly in Paris, Madrid and Barcelona

<sup>1</sup> Based on completion values of current committed developments

# Management Services – Europe (cont.)

## + **UK Business Parks**

- \$3.3 billion debt refinance and equity raising completed successfully
- Customer demand remains robust
- Cadbury Schweppes, 8,400 sqm, 12 years, Uxbridge, UK

## + **GPI grown strongly to \$17.8 billion**

- New mandate (Windsor Life) of \$1.6 billion won
- \$0.3 billion mandate for French regional offices
- Acquired \$0.4 billion on behalf of middle eastern investor

## + **European managed funds with \$2.1 billion of unsatisfied demand**

# Development Activity – Europe

- + \$218 million of development completions during the period**
  - 50% within managed fund platform
  
- + \$466 million of new development commencements during the period**
  - 95% precommitted, 15.8 years WALT
  - 55% within managed fund platform
  
- + \$1,631 million of product currently under development**
  - 77% pre-committed, 10.0 year WALT
  - 65% within managed fund platform

# Development Activity – Europe (cont.)

## + New major development initiatives

- Constellation, UK, 79,818sqm for 20 years
- Bosch-Siemens/Haase, Germany, 10,284sqm for 10 years, (repeat customer)
- Nissin, Poland, 15,622sqm for 5 years (repeat customer)
- Purchase of SMH, Düsseldorf \$99.2 million
- Land banking strategy continues with \$0.1 billion of sites acquired

## Section 5 – Fund Management+

# Fund Platform Performance

23

## + Growth in AUM of 3% to \$38.1 billion

- \$0.7 billion growth in European platform + 3%
- \$0.5 billion growth in Asia Pacific platform +4%

	Europe					Asia Pacific							Total
	Business Parks		Logistics		FM	AUS	AUS	NZ	HK	SGP	China	Japan	
	UK	EUR	UK	EUR	UK / EUR								
Fund Name	ABPP	GEPBF	GUKLF	GELF	GPI	GIT	GAIF	GMT	MGLF	AREIT		J-REP	
AUM \$bn	\$4.2	\$0.6		\$1.3	\$17.8	\$3.5	\$2.8	\$1.1	\$1.0	\$2.5		\$1.3	\$36.0
Warehouse \$bn		\$0.2	\$1.4	\$0.2				\$0.2			\$0.1		\$2.1
Cornerstone %	21.0%	2.6%		22.5%			30.3%	28.1%	20.0%	6.8%			

## + New Fund initiatives for 2008

- UKLF
- China
- Japan

27 November 2007

## Section 6 –Summary+



# Summary

- + **Diverse Business – Europe on Track**
- + **Opportunities in Asia Pacific – Development and management**
- + **GELF well placed following merger**
- + **Hybrid issue provides capacity**
- + **Customer demand remains robust**
- + **On track for FY08 8% growth in EPS**



thank you+

**Important Notice** This document has been prepared by Goodman Group (Goodman International Limited (ABN 69 000 123 071) and Goodman Funds Management Limited (ABN 48 067 796 641) (AFSL 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839)). The details in this presentation provide general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision. This presentation is not an offer or invitation for subscription or purchase of securities or other financial products. This presentation does not constitute an offer of securities in the United States. Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933 or an exemption from registration is available. Past performance is no indication of future performance. All values are expressed in Australian currency unless otherwise stated. 27 November 2007.